

TRANSCRIPT OF PROCEEDINGS

In the Matter of:

ANNUAL MEETING OF THE NATIONAL PETROLEUM COUNCIL

Date: January 22, 1948.

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	<u>Exploration</u>	<u>Production</u>	<u>Refining</u>	<u>Trans.</u>	<u>Marketing</u>	<u>Pricing</u>
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Excerpts pertain solely to petroleum outside the United States - in the rest of the world - in any foreign country and abroad. Excerpts do not include any matter dealing with petroleum inside the United States.

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ANNUAL MEETING OF THE NATIONAL PETROLEUM COUNCIL

Thursday, January 22, 1948

New Interior Building
Washington, D. C.

The Council met at ^{10.00} 9:30 o'clock a.m. in the Secretary's
Conference Room, Walter S. Hallanan, Chairman, presiding.

PRESENT:

James V. Brown, Secretary and Treasurer

H. T. Ashton

Jacob Blaustein

Paul G. Blazer

William R. Boyd, Jr.

Reid Brazell

Bruke K. Brown

Russell B. Brown

H. S. M. Burns

E. DeGolyer

J. C. Donnell

Fayette B. Dow

J. F. Drake

John Dressler

Gordon Duke

Louis M. Faber

J. B. Fisher

R. G. Follis

B. C. Graves

J. Parks Gwaltney

Jake L. Hamon

Geo. A. Hill, Jr.

W. T. Holliday

Eugene Holman

D. A. Huloy

B. J. Graves

A. Jacobsen

W. Alton Jones

Ardon B. Judd

William M. Keck

John M. Lovejoy

W. G. Maguire

B. L. Majewski

J. Howard Marshall

A. C. Mattei

Brown L. Meece

S. B. Mosher

Glenn E. Nielson

S. F. Niness

Joseph L. Nolan

Joseph E. Pogue

Frank M. Porter

E. E. Pyles

D. T. Ring

M. H. Robineau

A. H. Rowan

H. L. Thatcher

Eric V. Weber

L. S. Wescoat

Joseph F. White

H. C. Wiess

Russel S. Williams

Robert E. Wilson

Henry F. Zoller

Mr. L. S. McCollum

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P R O C E E D I N G S

The Chairman: Gentlemen, the Council will please be in order.

This is the first meeting of the newly appointed National Petroleum Council. The first matter of business is to call the roll of the Council. We have quite a number of new members and as their names are called I should like to request that they rise so that they may be presented to the Council and that we may know and have an opportunity to extend greetings to you.

Mr. Secretary will you please call the roll?

Secretary Brown: Mr. Adams (no response). Mr. Ashton.

Mr. Ashton: Here.

Secretary Brown: Mr. Ball (no response). Mr. Barton, Mr. Bay, Mr. Becker (no response). Mr. Blaustein.

Mr. Blaustein: Here.

Secretary Brown: Mr. Blazer.

Mr. Blazer: Here.

Secretary Brown: Mr. Boyd.

Mr. Boyd: Here.

Secretary Brown: Mr. Brazell.

Mr. Brazell: Here.

Secretary Brown: Mr. Bridwell (no response). Mr. Bruce K. Brown.

Mr. Brown: Here.

Secretary Brown: Mr. E.C. Brown (no response). Mr. Russell B. Brown.

Mr. Russell B. Brown: Here.

Secretary Brown: Mr. Burns.

Mr. Burns: Here.

The Chairman: Mr. Burns is President of the Shell Oil Company. This is the first session he has attended (applause).

Secretary Brown: Mr. Crocker (no response). Mr. DeGolyer (no response). Mr. Donnell.

Mr. Donnell: Here.

The Chairman: Mr. Jim Donnell, vice-president of the Ohio Oil Company and successor of the beloved Otto Donnell. Jim, will you rise?

(Mr. Donnell rises.)

Secretary Brown: Mr. DeGolyer?

Mr. DeGolyer: Here.

Secretary Brown: Mr. Dow.

Mr. Dow: Here.

Secretary Brown: Mr. Drake.

Mr. Drake: Here.

Secretary Brown: Mr. Dressler.

Mr. Dressler: Present.

Secretary Brown: Mr. Duke.

Mr. Duke: Here.

Secretary Brown: Mr. Dunnigan (no response).

Secretary Brown: Mr. Faber.

Mr. Faber: Here.

Secretary Brown: Mr. Fisher.

Mr. Fisher: Here.

The Chairman: Mr. Fisher, gentlemen, is President of the Kendall Refining Company of Bradford, Pennsylvania (applause).

Secretary Brown: Mr. Follis.

Mr. Follis: Present.

Secretary Brown: Mr. Gilman (no response). Mr. Graves.

Mr. Graves: Present.

Secretary Brown: Mr. Gwaltney.

Mr. Gwaltney: Here.

The Chairman: Mr. Gwaltney, we are delighted to have you. Mr. Gwaltney is Chairman of the National Council of Independent Petroleum Associations, and is successor of Mr. Duke. We are glad to greet you.

Mr. Graves, will you rise?

(Mr. Graves rises.)

Mr. Graves, we are glad to see you. Mr. Graves is President of the Union Tank Car Company of Chicago.

Secretary Brown: Mr. Hallanan.

The Chairman: Here.

Secretary Brown: Mr. Hamon.

Mr. Hamon: Here.

Secretary Brown: Mr. Hardey (no response). Mr. Hill.

Mr. Hill: Here.

Secretary Brown: Mr. Holliday.

Mr. Holliday: Here.

Secretary Brown: Mr. Holman.

Mr. Holman: Present.

Secretary Brown: Mr. Hulcy.

Mr. Hulcy: Present.

Secretary Brown: Mr. B. J. Graves.

Mr. Graves: Here.

Secretary Brown: Mr. Hunt (no response). Mr. Jacobsen.

Mr. Jacobsen: Present.

Secretary Brown: Mr. Jennings, Mr. Johnson, Mr. Charles S.

Jones (no response). Mr. W. Alton Jones.

Mr. Jones: Here.

Secretary Brown: Mr. Judd.

Mr. Judd: Here.

Secretary Brown: Mr. Keck.

Mr. Keck: Here.

The Chairman: Mr. Keck is Vice-President of the Superior Oil Company of California. We are glad to have you (applause).

Secretary Brown: Mr. Merch (no response). Mr. Lovejoy.

Mr. Lovejoy: Here.

Secretary Brown: Mr. McCollum (no response). Mr. McGowen (no response). Mr. Maguire.

Mr. Maguire: Here.

The Chairman: I see that Mr. McCollum is here now. He is President of the Continental Oil Company and successor of Mr. W.H. Ferguson as a member of this Council.

Secretary Brown: Mr. Majewski.

Mr. Majewski: Here.

Secretary Brown: Mr. Marshall.

Mr. Marshall: Here.

Secretary Brown: Mr. Mattei.

Mr. Mattei: Here.

Secretary Brown: Mr. Meece.

Mr. Meece: Here.

The Chairman: Mr. Meece is Vice-president of the Globe Oil Refining Company of Chicago.

Secretary Brown: Mr. Morrill.

The Chairman: Is Mr. Birmingham here?

Mr. Birmingham: HERE.

The Chairman: Mr. Birmingham is the alternate of Mr. Clyde G. Morrill. We are glad to have you here(applause).

Secretary Brown: Mr. Mosher.

Mr. Mosher: Present.

Secretary Brown: Mr. Nielson?

Mr. Nielson: Here.

Secretary Brown: Mr. Niness.

Mr. Niness: Here.

Secretary Brown: Mr. Nolan.

Mr. Nolan: Here.

The Chairman: I want to ask Mr. Nielson to rise,

(Mr. Nielson rises.)

Mr. Nielson is President of the Husky Refining Company of
Cody, Wyoming.

I would like to ask Mr. Niness to rise,

(Mr. Niness rises.)

I desire to introduce Mr. Niness to you gentlemen as
President of the Lehman Transportation Company of Downingtown,
Pennsylvania.

Secretary Brown: Mr. Parten (no response). Mr. Pogue,

Mr. Pogue: Here.

Secretary Brown: Mr. Frank M. Porter,

Mr. Frank M. Porter: Here.

Secretary Brown: Mr. H.J. Porter (no response). Mr. Pyles.

Mr. Pyles: Here.

Secretary Brown: Mr. Reitz (no response). Mr. Ring.

Mr. Ring: Here.

Secretary Brown: Mr. Robineau,

Mr. Robineau: Here.

Secretary Brown: Mr. W.S.S. Rodgers.

The Chairman: Is Mr. Ed Freeman present?

(Mr. Freeman rises.)

The Chairman: May we present you as the alternate of

Mr. W.S.S. Rodgers, a member of this counsel.

Secretary Brown: Mr. Roeser(no response). Mr. Rowan.

Mr. Rowan: Here.

Secretary Brown: Mr. Shannon, Mr. Sinclair, Mr. Skelly,
Mr. Taylor(no response).

The Chairman: Mr. Watts is the alternate of Mr. Harry
Sinclair. We are glad to have him here.

Secretary Brown: Mr. Thatcher.

Mr. Thatcher: Here.

Secretary Brown: Mr. Vandev eer, Mr. Vaughn(no response).
Mr. Weber. Mr. Wescoat.

Mr. Weber: Here.

Mr. Wescoat: Here.

The Chairman: Mr. Wescoat, gentlemen, is president of the
Pure Oil Company, successor to Mr. Dow.

Secretary Brown: Mr. White.

Mr. White: Here.

The Chairman: Mr. White is from Boston, Mass. We are glad
to greet you, Mr. White(applause).

Secretary Brown: Mr. Wiess.

Mr. Wiess: Here.

Secretary Brown: Mr. C.R. Williams(no response). Mr. Wil-
son.

Mr. Wilson: Here.

Secretary Brown: Mr. Zoller.

Mr. Zoller: Here.

The Chairman: Mr. Zoller is President of the Derby Oil Company of Wichita, Kansas. We are delighted to have you.

Secretary Brown: Mr. Zook(no response).

The Chairman: Gentlemen, you have received a copy of the minutes of the last meeting of the Council held in Washington on Thursday, October 9, 1947. What is your pleasure? Are there any remarks or any suggestions?

Mr. Hill: I move they be approved.

Mr. Majewski: I second the motion.

(The motion was duly carried.)

The Chairman: So ordered.

I will now ask the Treasurer, Mr. Brown, to present the report of the Secretary-Treasurer.

REPORT OF THE SECRETARY-TREASURER,
Mr. James V. Brown

Mr. Brown: I expect to have copies of the report available. We will distribute them later on during the day.

The total receipts for the calendar year of 1947 were \$49,174.25, and of that amount, \$41,500-odd dollars was on this current year's budget, which represents all that was collected on our \$50,000 budget.

The disbursements, the net payroll, \$13,700; social security taxes, and so on, \$2,064; meeting expenses, \$6200; postage, \$115; telephone and telegraph, \$2300; rent, \$3400; and incidentally, we have some new quarters that are very fine. We feel

that any member of the Council who hasn't been over there, I take this occasion to invite you to come and visit our quarters.

Subscriptions, \$787; office supplies, \$2,200; miscellaneous, \$2,500.

Furniture and fixtures to get us all set up cost us \$11,227. Repayment on our initial funds borrowed to start us off with, a thousand dollars. Advances, \$200. Total disbursements of \$49,307.83. The result being we overspent what we got in by \$133.

I am happy to say we still have, or did have at the end of the year \$15,000 in the bank.

Mr. Majewski: Are those inflationary dollars, Jim?

Secretary Brown: I find as I go along these dollars are like the ones I had at the API meeting. They had big pictures on them. Our dollars have shrunk considerably.

I do want to say the contributions we did receive during the year came from 74, rather 71 of our 84 members, which represents only 85 percent of the membership. And the amount that we received on the 1947 budget is only 83 percent of our required budget.

Incidentally, as you will see, the expenditures of \$49,307 is pretty much "on the nose" with our approved budget.

The Chairman: I think I should say for the information of the Council, when we began this experiment we fixed a rather

modest amount of \$50,000 for expenses. The \$50,000 that we saw at that time has dimmed considerably in light of the tremendously large responsibilities that have come to us, and certainly if we stay within that budget, we shall, I think, be very pleased about it.

In any event however, we shall have to raise the \$50,000. We can't have a \$50,000 budget and raise \$40,000. In consideration of the fact that there are certain members, associations and otherwise, who are not in a position to make contributions in balance with the apportionment, it would seem necessary that at the end of the year that some of our members should make up for that, or else we should run considerably in the red.

In other words we can't figure out our personal allotment by dividing the number of members into \$50,000. That is the minimum. It won't raise the required amount. We see nothing in the immediate future that is going to diminish our activities. Are there any comments or remarks about the present report? If not it will be received and filed.

The Chairman: Gentlemen, this is the organization meeting of the Council and under our articles of organization it is provided that the chairman and vice-chairman shall be elected by the Council at its organization meeting in each year to serve until the next organization meeting of the Council.

The next order of business is the election of a chairman

and vice-chairman .

Mr. Boyd: Mr. Chairman, don't you also elect the agenda and the appointment committee? I see it on the docket here.

The Chairman: Yes, that is also elected.

Mr. Boyd: Before I make a motion I want to speak of this inflation money Jim spoke of. This is the inflation dollar and this is the one nowadays.

I move the Chairman appoint a nominating committee of seven or nine, whatever you think is proper. You want two committees, one for the agenda and an appointment committee. I move we have one nominating committee of whatever you think is proper to make nominations, chairman and vice chairman and members of an agenda committee, and appointments committee.

Mr. Majewski: I second the motion.

The Chairman: It has been seconded. Are there any remarks? All in favor say "aye". Carried.

The Chair will appoint Mr. Boyd, Mr. Majewski, Mr. Lovejoy, and Mr. Jake Hamon. Mr. W. A. Jones.

Mr. Boyd: That is enough.

The Chairman: Mr. Ashton and Mr. Blaustein.

Mr. Boyd, as Chairman of that committee, I also delegate to your committee the responsibility for the recommendation of the appointment of an agenda committee and an appointment committee of 11 members, as provided for. I would ask that the committee retire, and hope that our report might be

forthcoming as soon as feasible and practicable.

Mr. Boyd: May I ask the members of the committee to retire? And will you give me a list of the setup of the nominations committee for the election of officers and standing committees, of the agenda and appointments committees?

The Chairman: This has not been organized at this time, but if there is no objection, I should think it would be entirely proper to proceed to the reports of the various committees. And if there is no objection, the Chairman will proceed upon that order.

You recall that at our last meeting of the Council and upon the approval of the agenda committee, there was authorized the appointment of a committee on the analyzation of the Sixteen-Nation Marshall Plan. I know that committee has given extensive thought and consideration to the matter assigned to it. It has had several hearings.

I would ask at this time, Mr. Jacobsen, if you are now prepared, that the report of that committee be presented to the Council.

REPORT OF THE COMMITTEE ON ANALYZATION OF SIXTEEN
NATIONS - MR. A. JACOBSEN, CHAIRMAN

Mr. Jacobsen: With your permission, Mr. Chairman, I would prefer to defer reading this report until the copies have been distributed.

The Chairman: I think that is proper. You will brief the presentation I assume?

Mr. Jacobsen: I think I will just read the main committee report but not the report of the subcommittee.

I would like to make a couple of preliminary remarks while the copies are being distributed.

The Chairman: What about coming up here?

Mr. Jacobsen: I don't like it but if you want it I will do it.

The Chairman: Mr. Holliday, we are glad to have you here.

Mr. Jacobsen: Gentlemen, the committee that was appointed at the last Council meeting to present an analysis of the Marshall plan has held several meetings. The first one was held in Chicago while the API was in session. Then we had a further meeting in New York last Friday and a third meeting yesterday morning. At the Chicago meeting it was decided to appoint a subcommittee under the chairmanship of Mr. Howard Page to present a report making an extract of the voluminous documents we were charged with studying. You will find that subcommittee's report attached here.

I would like to point out that all instructions from the Council were to analyze the so-called Marshall report. We were not instructed to express any opinions as to whether it is a good scheme or a bad scheme or whether it should be adopted in this form or some other form. So you will find that we have simply analyzed the document and have not gone beyond that.

I would also like to point out a thing which you all know anyway, namely, the document we were asked to analyze will certainly never go through in the form in which we analyzed it. In other words, it will be love's labor lost, because we do know one thing for sure, whatever will happen to the Marshall plan, the document eventually to be approved by Congress will never be the one we have studied here.

I would also like to make a remark relating to the difference between oil products and petroleum equipment. With respect to oil products, the oil industries of course are in possession of information, in fact more information than anybody else would have in respect to equipment. We are dealing with a subject where we do not have the fundamental knowledge that belongs to the steel industry. Furthermore, there is this important element, that the amount of steel that we can spare if we spare anything for the European countries for use in connection with petroleum equipment depends, of course, on the total amount of steel that will be needed.

The European nations will be wanting steel for a hundred different purposes. We cannot possibly, or even the steel industry itself couldn't deal with the steel that goes into petroleum equipment without regard to all other kinds of steel products.

The report of the main committee reads as follows:

"In accordance with action by the National Petroleum Council on October 9, 1947 this Committee has been appointed to analyze the report of the 16 nations submitted under the so-called Marshall Plan, with respect to petroleum, petroleum products and petroleum equipment, and to report this analysis."

Then we have here background information which I will not read. It simply quotes Secretary Marshall's speech in which he outlined the whole idea. It goes on Page 2 to give the further historical development of it, and to mention the countries in the CEEC area, namely, Norway, Switzerland, Austria, Belgium, Denmark, Ireland, France, Greece, Iceland, Italy, Luxembourg, Netherlands, Portugal, Sweden, Turkey and the United Kingdom.

Then we go on:

"The report prepared at the Paris Conference, sometimes called the 'Paris Report' was completed September 22, 1947 and subsequently was transmitted to the United States. It consists of two volumes and is the report which this Committee has been asked to analyze."

"The basic data in the CEEC report are shown in the attached report of our subcommittee. This report also explains how the CEEC figures were prepared, what items were and were not considered and gives a brief explanation of petroleum operations outside the United States in relation to the supply problems of the CEEC countries.

"The main Committee has analyzed the stated 'dollar' oil requirements of the CEEC countries and their dependencies in regard to foreign dollar oil availability, required exports from the United States to meet CEEC requirement figures, the relationship with 1947 actual exports and with the probable 1948 export availability as determined by estimates of the Bureau of Mines."

I would like to interrupt here to say that all through the report you will find we don't express opinions ourselves independently in regard to any availability. We always take figures that proceed from some official source or other. It is explained in here where it comes from. To continue:

"The data on foreign dollar oil availability were obtained from the United States Department of State and represent their summation of individual American company estimates of minimum availability, that is, amounts of foreign 'dollar' oil available after covering all other estimated foreign requirements and planned United States imports.

"The Committee has been advised that the Department of

State has prepared a revision of the CEEC report estimates of requirements for presentation to the Congress. To the extent that those new requirement estimates for 'dollar' oil are changed from the original estimates the needs for exports from the United States and 'shortage' of residual shown below would be altered correspondingly.

"Requirements have been broken down into four major categories: crude, residual fuel oil, other principal products and specialty products - because of divergent supply and utilization problems involved. The requirement figures include dependencies of CEEC countries and Western Germany."

Then comes the heading "Crude Oil", and under that "Dollar crude requirements" and under that "Foreign 'dollar' crude availability" and the exports required from the United States.

You will notice the crude requirements increase all of the four years that we have on the list, but also the availability increases, so that according to this estimate there would be no crude required from the United States except during the year 1948. That would be only 23,000 barrels a day. The actual exports from the United States during the ten months of 1947 were about 15,000 a day.

We come down to "Residual Fuel Oil". There the situation is quite different. There is a shortage through all of the four years as you will notice. And you will also notice there the amount, under (1) to the effect that the United States

has been, is, and is assumed to continue as a net importer of residual fuel oil. "Therefore no exports are shown from the United States as such exports would presumably be balanced by increased imports and, therefore, no net increase in availability for CEEC countries would be obtained."

Then it goes on with "Other Principal Products" where you will notice that these products are motor gasoline, kerosene, tractor fuel, gas oil and Diesel oil. You will notice the exports required from the United States diminish down to nothing in 1951. In none of the years will those exports be as large as they were during the first ten months of 1947 when they amounted to 110,000.

Then the "Specialty Products", such as "aviation gasoline and blending agents, white spirits and naphthas, lubes, asphalt, wax and petroleum coke". There you will notice that all of that is expected to come from the United States, that being the only source of those products, but the amount required will not be in excess or at least very little in excess of the actual United States exports during the first ten months of 1947.

Then we have "Summary of Estimated U.S. Export Requirements" which of course is simply a compilation of the earlier figures all put in together, making allowance for the fact there will be no exports from the United States on fuel oil. You will notice the remark to the effect that: "The Committee

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does not imply that the actual situation will work out as estimated, or suggest allocations of export availability between areas. The analysis given above is merely for illustrative purposes of the probable relative situation based on estimates furnished to the Committee".

Again we have no estimates of our own. We are only using figures we got from other sources.

Next, "Estimated 1948 United States Import-Export Situation". Under that follows:

"The latest published Bureau of Mines estimate for 1948, November, 1948, indicates an average export availability of 407,000 B/D, 137,000 B/D crude and 270,000 B/D products. However, if this is brought up to date merely to the extent of correcting for the actual January 1, 1948 stock position and applying the full correction against exports, the revised figures would be 125,000 B/D crude and 240,000 B/D products available for export, after providing for domestic demands, or a total of 365,000 B/D average over the year. The Bureau of Mines estimated imports for the year 1948 are 456,000 B/D. On this basis the imports would exceed exports by 91,000 B/D average.

"Exports from Districts II, IV and V, which are not tributary to Europe, were 203,000 B/D during the first ten months of 1947, 96,000 B/D crude, 107,000 B/D products. If it is assumed that these exports will continue at the same rate in

1948, the export availability from District I and III would be 29,000 B/D of crude oil and 133,000 B/D of products, or a total of 162,000 B/D. If it were apportioned on the same percentage basis as the actual exports to various areas during the first ten months of 1947, the availability for CEEC countries would be 102,000 B/D total which also covers the export requirements to CEEC countries shown above. This assumes there will be no exports of residual fuel oil. For the reasons mentioned a moment ago.

"In regard to the assumptions based on Bureau of Mines estimates the Committee wishes to point out the possible deviations in actual requirements from those estimated in advance. For example, in December 1945 --

Member: That is December 1946. Are there copies of this available?

Mr. Jacobsen: There should be. They ought to be here. They are on the way over. I am sorry you haven't got it. It is much more difficult to follow if you can't be looking at it. I will continue:

"For example, in December 1946 Bureau of Mines estimated the 1947 domestic demand to be 5,106,000 barrels daily; a difference of 332,000 barrels daily or 6.5 percent. Similar differences between actual and estimated demand occurred with industry estimates, such as that of the Economics Committee of the Interstate Oil Compact Commission."

This of course simply serves to emphasize the fact that

while these estimates are the best we can get, they certainly aren't dependable.

Dr. Wilson: May I raise the question, is it desirable to refer to the Interstate Oil Compact estimates as industry estimates?

The Chairman: I think so.

Dr. Wilson: How about saying "industry estimates and others such as that of the"--

Mr. Jacobsen: I think you are right. If agreeable we will make that change, --and others such as that of the".

"As regards residual fuel oil, the basic data of the CEEC report show that a large proportion of the increasing requirements result from projected coal to oil conversions. These conversion requirements, based on the situation as of January 1, 1948, are shown below compared with the residual fuel oil 'shortage' figures given above. The data on conversion requirements are not complete, but are adequate for illustrative purposes."

"Estimated increased requirements attributed to coal to oil conversion projects brought into operation after January 1, 1948". And "Indicated 'shortage' of 'dollar' residual fuel oil".

The relationships between the two are clear from this comparison. To continue:

"The foreign availability of 'dollar' residual for CEEC countries and therefore the 'shortage' is based on estimates.

The actual availability could vary widely from these estimates depending upon production levels and requirements being either higher or lower than estimated in other areas, including the United States.

"As regards 'equipment' requirements, the subcommittee report gives a breakdown of the requirements for non-American companies broken down into requirements for the CEEC countries and their dependencies and in other overseas areas. A further breakdown is also given by categories. It will be noted that the so-called equipment requirements include such things as fees, chemicals, autos, etc., which are not directly related to the petroleum industry.

"One category in which there is a serious shortage within the industry is No. 2, Drill Pipe and Casing. The requirements for this category shown for 1948 amount to \$26,254,000, of which \$1,822,000 is within the CEEC countries, \$12,832,000 in Western Germany (see last paragraph of this section), and \$11,600,000 in French and British dependencies and other overseas areas.

"Refinery equipment also is in tight supply. The CEEC report and supplementary information shown in the subcommittee report do not give sufficient breakdown of this or most other types of equipment to allow any specific analysis of use or availability.

"The total material requirements for 1948 are shown as

153.8 million dollars. However if autos, fees and chemicals are eliminated, this would be reduced to 118.2 million dollars. Similar figures for 1948-1951 inclusive are 580.8 million dollars and 473.5 million dollars. Drill pipe and casing requirements are 62.2 million dollars for the period. 'Steel' (line pipe) requirements are 97.8 million dollars for the four-year period.

"It is emphasized by the Committee that these represent dollar material requirements for only non-American companies, with the exception of France and the Bi-zones, and therefore do not by any means indicate the total export requirements for the petroleum industry outside the United States. They do not include for example the material requirements of American companies for refinery construction in Europe and other foreign areas or for maintenance and increasing crude oil production and transportation facilities outside the United States by American-owned companies.

"With regard to the availability of American materials for this program, it is tied in to a large extent with overall steel availability. The Committee can, therefore, do no better than quote the Harriman Committee on the subject: 'It is probable that the total equipment requirement stated by the CEEC report, plus projected expansion of petroleum capacity by other countries, including the United States, exceed the world capacity to produce petroleum equipment. Thus

it is extremely unlikely that the United States can export as much equipment as is requested. Furthermore, CEEC expectations concerning European equipment production seem unrealistically high ****".

"In light of this statement the Committee feels that most careful screening of material requirements is essential".

One thing that particularly struck the Committee is the very large amount that has been put down for Western Germany for drill pipe and casing, nearly 13 million dollars. Of course we don't have the data on which to base any judgment as to the adequacy or necessity for this amount; even if we had it, it is not possible to pass judgment on it. I just wanted to call attention to it as one of the items which should be carefully screened.

Now the summary:

"The Committee does not deem it appropriate or within its assignment to comment upon the reasonableness of the estimated requirements or availabilities or upon the broad political and economic problems involved in a European Recovery Program of the nature now being discussed in the Congress and among the public generally. However, I feel obliged to point out that estimated availabilities given in the report are based on three major assumptions made in the CEEC report, viz:

1. The crude oil requirements will be met very largely from Middle East oil.

2. Sufficient transportation will be available.

3. Equipment actually needed for expansion of drilling and refinery capacity will be available."

"Drastic curtailment of any of these three items, particularly of the basic oil supply of equipment might well cause the program to fail, to the extent that the assumptions used prove invalid."

Standard Oil Co. of New York
The Chairman: Mr. Hill.

Mr. Hill: I served as a member of this Committee. I think that before action is taken upon the report, it is necessary that there be pointed out a number of things implicit in the report and absent from the report and the reasons therefor.

In the first place I think that the Chairman of the Council and of the Committee somewhat inaccurately referred to this as an analysis of the Marshall Plan. It is in no sense the Marshall Plan which this Committee has analyzed. The analysis relates to the petroleum and petroleum equipment requirements set forth in the report, of the 16 nations of Western Europe who, in response to an implied invitation contained in Secretary Marshall's address at Harvard, got together and made an estimate of what they required through 1951, in aid to their recovery.

In fact, all concerned in government reject the concept that this is the Marshall Plan. They are pleased to describe Secretary Marshall's address as the Marshall approach. And

the 16 nations report they are now pleased to describe it as the European recovery program.

Upon receipt of this report by Secretary Marshall, it was transmitted to the President of the United States without a recommendation for approval or disapproval. It has not been, by government, in any sense regarded as a plan to which this government desires to commit itself by adherence.

The President appointed three committees, the so-called Harriman Committee of 18 representatives of American industry. The Krug Committee, which was a cabinet committee. And the Commerce Committee which is another committee of economics, all of whom have made reports and studies to the President with respect to the ability of the United States and our economy to deal with the problems of American aid sought by the 16 European countries in their estimate of the needs for recovery in the ensuing four-year period.

Now the report which this Committee has presented is not one of opinion, is not one of recommendation, is confined to an analysis of the petroleum and petroleum equipment requirements as estimated by the 16 European countries. But, I say this not in derogation of the report because I think the report has gone as far as it could go, but I think it is incumbent upon this Council who are advisory to the Secretary of the Interior and to the Chief of the Oil and Gas Division to here regard the whole problem, and to have regarded it in

the minutes in connection with which this report is adopted or rejected and I think the report should be adopted.

There are, furthermore, other matters of far greater import in relation thereto than the simple analysis of the report. This we could not do collectively in my judgment. We have not been asked to do so. But individually, I think it is necessary that we express our opinions upon some aspects of this report.

The first one I desire to call your attention to is this. In the first place, the public confusion and misconception of the so-called Marshall Plan, and the identification of this sixteen-nation report as the Plan. That is not the case at all. It is entirely a misnomer to call this a Plan.

Edd Fuller
Hudson -
Murray
fls
a.m.

Mary H/m

The plan, in so far as one exists, consists of ~~two~~ things:

First, the report of the President of the United States to the Congress in January of this year. (I think the date was

January 12.) ^a And, second, the report of the Secretary of State to the Congress on or about the same date; and, third,

the legislation proposed to the Congress by the Department of

State which sets forth a bill having three aspects. ^{# The first} ~~first~~,

^{aspect of this proposed legislation is} the request for an appropriation of money; ^{the second phase deals with} ~~second~~, the

administrative machinery for the expenditure of this money.

The amount asked for the first 15 months is \$6,800,000,000.

The administrative machinery, streamlined, is an over-all

administrator, subject in all respects to the Secretary of

State, in so far as the expenditures relate to American

foreign policy. And, third, the only limitation upon the

discretion of the administrator is that the money be expended

in foreign aid, not 16-nation aid, ~~but in foreign aid~~ and that

it be, in so far as related to American foreign policy, with

the approval of the Secretary of State.

Now then, you have an entirely different picture when you subject this proposal to a careful analysis between this legislation and this appropriation as contradistinguished from this bill of particulars set forth by the 16 European nations of western Europe as to what they desire. In other words, there is practically unlimited discretion in the expenditure of such sums as may be appropriated, so long as

they are extended for and expended for recovery of foreign nations and in pursuance of American foreign policy.

Now then, we have taken this 16-nation report and the first thing that should address itself to us, the members of government, the members of the Congress, and the American public, is this \$6,800,000,000 to be expended for the recovery of the 16 nations enumerated by Mr. Jacobsen, and ^{those} who were participants in the preparation of this report, ~~this~~ first report. The "nigger in the woodpile" in that is that there is an enumeration of the 16 nations with whom our sympathies are extended naturally, and about which great discussion has been had in the press and in Congress about their plight. But, parenthetically, it also extends to their overseas dependencies and colonies which literally cover the space of the globe, and then, to other areas. Now, the other areas are without definition, specification, or limitation in so far as oil and oil equipment is concerned. \$2,500,000 of dollar oil and \$600,000,000 of dollar equipment may, if provided by appropriated money, be sent not merely to the 16 nations of western Europe, but to their overseas dependencies and colonies, which would include a great list of geographical areas described in the sub-committee report to which I respectfully invite your earnest attention, and to other areas of the earth in which the nationals of the 16 European nations may be engaged in

exploration, refining, production, transportation, marketing, and so forth.

So, this 16-nation report is a part of the scenery to which your attention is directed and to which the American public's attention is directed, but it is in no way a scheduled guide or diagram of what this money is earmarked for in any sense, and, In the second place, when you go to try to limit, to define, the peoples to be benefited and the geographical areas to be benefited, and the subjects of these nations to be benefited in their various enterprises, you literally have, with the exclusion of Russia, the wide, wide world, as the potential recipients of the appropriated funds in the categories which we have under investigation, ~~to which our dollar oil and dollar equipment.~~

In an analysis of the wisdom or lack of wisdom, particularly in the supply of materials, liquid materials, petroleum materials which may emanate from the American continent or from areas from which we now, as a net importer, are in need of supplementary supplies, that is something which should be carefully measured. I found, in the Times Herald of yesterday afternoon, an editorial, and also a cartoon which is illustrative of the thinking of many people with respect to our possible largess for the 16 European nations, their overseas dependencies and colonies, and other areas of the earth with respect to our own needs. Now then, examining the possible end point and destination of this \$600,000,000 of

equipment, all of us who are engaged in the oil business have been listening in recent months at association meetings to addresses by members of the steel industry with respect to the present shortage of steel and the expected shortage of steel, oil and materials now and in the years ahead. We know through our own exigencies as individual units in the industry the extreme shortage of goods, tubular goods, refining equipment, and we know without having a detailed command of the situation that the expectation that much of this shall be available for purchase here and in transportation abroad for other users will be not only a great sacrifice but probably an impairment of our own domestic necessities and security. Therefore, it is a most important thing that we as a group advisory to the Secretary of the Interior should call to his attention the need for further inquiry as to who shall receive, who shall own, who shall administer the tubular materials. Transportation, pipeline material, refinery material, are all provided for in this program, and the first thing that is glaring is that the 16 European nations, because of their own inability to get adequate production of coal, through lack of incentives ^{from} of their particular experts in government, brings them to hope for a conversion from coal to petroleum in their respective economy. There is first a very great doubt as to the extent justified in that conversion and there is a great

doubt as to whether or not they have employed correctives in remaining on a coal economy to a greater extent than they expect to and, ^{secondly} ~~in the second place~~, in that proposed conversion, they expect to provide great refineries and a great refining capacity upon the continent of Western Europe and in many contiguous areas, as the French desire to build a great refinery at Tripoli and refineries and pipelines in the Middle East.

A great part of the cost of the \$600,000,000 is for pipeline materials. The Iranian Oil Company and the Iraq Petroleum Company in the Middle East which is neither an overseas dependency or colony, doesn't even come in the first category of those additions to the 16 nations of Western Europe to which the American public's mind is directed when they envisage the application of this aid to Western Europe.

So, when we go to identify the localities in which this money will be expended, the purposes for which the need is urgent, we have great reason, and justifiable reason, to doubt the verity of those needs and the reason assigned to them.

I wish that every member of this Council would consider ⁱⁿ ~~when they~~ think of the attitude of the American citizen towards this problem, ^{ing} ~~if they would recall~~ the great variety of opinion already expressed by ^{eminent} ~~the~~ citizens of ~~eminence~~ of varying political faiths, different economic ideologies, with

respec t to this problem -- it is something about which there can be a great legitimate difference of opinion, and former President Hoover has pointed out as of yesterday some of the disparities to which I am now referring.

Now, do we wish, in order to aid perhaps an unnecessary degree of conversion from coal to oil, to enter into a program of setting up state petroleum agencies and activities in contradistinction against or with the American system of free enterprise in the oil business? That is one thing. And, if they are not to be state agencies, then they must be the companies incorporated in Britain, Holland, France, Italy and other European nations, who have a degree of prosperity and of financial resourcefulness that would indicate a way in which European nation dollars can be augmented, as by the same process that American companies obtain their capital funds, and that is by going into the market and borrowing the money for the necessary expansion program. So, whether it be a grant to these governments to use in government entities, or a grant to these governments to be used by private companies in competition with American companies, we are up against the same fundamental question as to whether American tax money should go to this short market in oil country goods, and increase the price and diminish the supply to give to state entities or foreign companies competing with American companies -- and then there

is the additional question as to whether or not it is wise from the standpoint of American economy to permanently set up upon the shores of Western Europe and other strategic localities refineries to displace American refined products in the second greatest market in the world for petroleum products. Now, those are things which are not and should not be depicted or described in a simple discharge of the functions of this Committee which was merely set up to analyze the 16-nation report. But it is there as big as a house and I don't know the answer to it after having studied this thing for two or three months with diligence, and I am assuming that there are others who are now better informed in the industry that should be made aware of what is implicit in the implied grant or approval by us and the taking of that approval by Secretary Krug to the Administration and then the communication of that approval to this administrator, if one is set up by the Congress, for these great discretionary powers, and this large fund of money.

I think that this record should show a rejection of the idea that the diagrams set forth in this 16-nation report are ones which we, upon examination, have found in the light of the information available to us to be worthy of consummation as therein outlined.

Now, there is another thing that is referred to in this report of the 16 nations which we do not deal with in the

committee report. It is a thing that likewise appears in the report of the Harriman Committee and it is very difficult to identify and to isolate one or two lines in this printed 16 European nations report and the Harriman Committee report.

There are two things that are apparent that ought to be noted in this record. The first is that when the 16 European nations set forth the amount of petroleum equipment which they themselves expect to manufacture in the process of the construction of these refineries and of the conversion from coal to oil, they only set up the amount that will be given to their nationals or to them in their proprietary capacity. There is nothing set up for the American companies in the 16 European nations. That is a deficiency which the Harriman report says should be corrected to see that our State Department should see American companies operating abroad are able through the domestic processes of those countries to get their fair allotment of that local material. So far, all well and good. That is perfectly proper. The next thing that is pointed out in the C.E.E.C. report, the 16-nation report, and the Harriman Committee report, is that in carrying out what is really a reconstruction program, ~~that~~ care shall be ^{exercised} ~~had to~~ ^{protect} ~~provide~~ those previously supplying those markets ~~shall~~ ⁱⁿ maintain ^{ing} their same relative position. That is state ^{more} in the nature of an assumption than as an obligation and that is something which is referred to also in the Harriman Committee report. Well, I certainly do not want

to see American aid bring distress, disparagement, impairment or hurt to any American company and I wish to see them prosper and have equal rights and equal opportunity, but I don't care for the appearance of that in either the C.E.E.C. report or the Harriman report because, what it amounts to, is an implied adherence by this Government to the idea of a quota system and the fixation of a rigid participation in markets and the thing that seems to me to be particularly objectionable is that if it becomes a part of Government policy it would mean a freezing which would be to the exclusion of the entry of additional American competition into frozen or allocated markets, certainly for the four-year period in which we are attempting to carry out this program. That is something which this committee could not comment upon or report upon nor express conclusions upon because they were not invited to do so. But that is no reason why we as individuals in this Council should not individually express our concern about that type of procedure particularly when we are as a government seeking to preserve the free enterprise system with our tax developed dollars in Western Europe to prevent the further encroachment of communism and totalitarianism and state-ism in the countries that we are sending our money to.

I feel that the report of the committee is worthy of adoption. It makes no recommendations. I think no

recommendation should be appended to it, but I think that it is important that the record of the discussions at the time the report is approved should record the fact, extraneous from the report itself, that members of this American petroleum industry have grave doubts and misgivings about the implications of the request set forth in the 16-European nation report and the advantages to be derived by the rest of the globe under the casual reference to overseas dependencies and colonies and other areas.

The Chairman: Mr. Jacobsen.

Mr. Jacobsen: Mr. Hill's remarks I think fall into two classes. First, his remarks with regard to the report itself which we all know was only an analysis and was not supposed to express any opinion, and therefore did not express opinion. Then, as I take it, Mr. Hill would like this Council to go on record either by resolution or possibly by individual expression, on the merits of the so-called Marshall Plan itself. I wonder if we could first dispose of the report and then follow up the further idea. Mr. Hill suggested the approval of the report as an analysis, which is all it is. I do not know if that would be interpreted as meaning that you propose an adoption of it.

Mr. Hill: I do. I would like to second your motion to adopt it and, if I had not been a member of the committee and participated in its preparation, I would have felt no

incumbency upon my part to make this explanation in advance, but I do feel I have a deep obligation and a serious duty in connection with the explanation that I made and I did not think it was fair from the standpoint of my individual participation in the report to leave unsaid an explanation before I asked for its adoption.

Mr. Jacobsen: I may say for the benefit of the gentlemen who were not present yesterday at our committee meeting where Mr. Hill expressed his approval of the report -- in fact, Mr. Hill has taken a very active part in the preparation of it and given the matter very close study. Mr. Hill did say he thought that individuals should, quite apart from the contents of the report itself, express their opinions for the record. So I take it you have seconded the motion that the report be adopted.

The Chairman: You move the adoption of the report and it has been seconded by Mr. Hill. Are there any other comments?

Mr. Russell B. Brown: Mr. Chairman, if I may raise a question as to the statement Mr. Hill has made, and thank him for the study that he has given it, I think all of us should appreciate the danger provided in the report if it could be so interpreted under any condition as being an expression of the views of anyone or of this Council as a whole. I should have been there myself, because I was on the committee, but I was detained away and could not get

here. I am hopeful that we can so word the approval of this that we will leave ourselves completely free and leave it so that it will not get into the hands of people who can pick it up as a Council report and quote this or that as coming from the Petroleum Council. That is the effect of these reports when they get out and particularly here in Washington, it is very easy for one of these reports to fall into the hands of someone on the floor of Congress from which he would quote freely, not being fully advised as to these other surrounding conditions, and then this industry will be placed on record as having given approval to some extremely harmful expressions that are in that report, not in the report, but copied in the report as an analysis. I am wondering, Mr. Jacobsen, if there is not some way -- I am afraid to separately state them.

Mr. Jacobsen: I have no objection and I hold no brief for the Marshall Plan, and I did not ask for the chairmanship of this committee. I think myself that the report is probably clear enough on the point. It is true, as Mr. Brown says, that somebody might snip out of it some quotation and not quote the context, but they can do that with any report. It says here, "The committee does not deem it appropriate or within its assignment to comment on the reasonableness of estimated requirements or availability or the broad economic problems involved in the European Recovery Program."

In several places in the text of the report, similar statements are made in different words. If that is not deemed sufficient, I personally could see no objection to a resolution adopting this report saying that this is adopted in the sense it is just an analysis which we were charged with making, but, as stated in the report, it does not express any opinion for or against, with respect to the advisability of adopting the so-called Marshall Plan.

The Chairman: I think you have already done that in your summary.

Mr. Jacobsen: I think that is sufficient, but if you want more, it will be simply superfluous.

Mr. Hill: Couldn't you make your motion that the report of the committee be received and transmitted to the Secretary of the Interior together with the full copy of the minutes of this meeting which would present various types of discussion?

Mr. Jacobsen: That would not cover your point.

The Chairman: Mr. Hill, the Secretary gets a copy of the minutes in any event.

Mr. Hill: I understand that, but I am trying to meet the point Russell Brown makes.

Mr. Jacobsen: As I understand Russell's point, what he is interested in is the resolution itself containing something on that.

Mr. Russell B. Brown: I would like, if possible, to have

it in the resolution, but certainly we ought to have it accepted. To give you the benefit of what I am thinking of, and I am not offering it yet as a resolution, I was thinking of something in this order -- the acceptance of this report is made in the light of the limitations placed on the committee to be that of simple responsibility to present an analysis of the plan presented. It shall in no way be interpreted to mean acceptance, approval, publication, or to any interpretation as in any way expressing approval of the contents of the report analyzed ~~either~~ by the Council or any of the individual members thereof.

Mr. Jacobsen: If something like that were done we should say, "Approval" or "Objection."

Mr. Russell B. Brown: That is right. I like that.

Mr. W.A. Jones: The way to handle that is simply write a paragraph into the adopted resolution and not leave it to the minutes of the meeting, because no one will ever wade through that.

The Chairman: I think, with the sanction of the Council, you might add another paragraph for inclusion rather than to attempt to say in the motion whether or not you are going to adopt the report.

Mr. Jacobsen: I do not see how we can add much more to what we have here. We can say it in different words once more. It says, the committee does not deem it appropriate or

we thin its assignment to comment on the reasonableness, availability, and so forth. That comes at the very end of the report and to say that again in different words I do not think would help very much.

Mr. Robert E. Wilson: Leave something in the resolution along Russell's line.

Mr. W.A. Jones: I think the amendment to the report is covered without in any way negating the objectives of the report, and I think you can improve on that a little bit, Russell. That part of it, I think, is all right.

Mr. Jacobsen: You mean as a resolution?

Mr. W.A. Jones: As an amendment to the report.

You do not say it exactly like Russell wants you to. I do not see any objection to Russell's qualifications. I think that is the simplest way of disposing of it.

Mr. Jacobsen: I think the simplest way is by means of a resolution to be incorporated in the resolution.

Mr. Jacob Blaustein: Make it clear that we are neither approving nor disapproving the objection to the idea of having the Secretary have it before him because first, the Secretary isn't the only one concerned, and secondly, it might cause a great many of us then to want certain things in the minutes. I happen to have served in some of the international conferences as consultant to the American delegation at San Francisco, at the Paris Peace Conferences, and

elsewhere. I happen to be one of those who thinks very definitely that if we are going to preserve our own economy here and democracies abroad, we have to do certain things for certain nations. I do not think we want to get into that broad discussion here. I do not think that is part of our job. I think we are asked to make an analysis, we are making it, and are not expressing an opinion one way or the other as to the Marshall Plan as such.

The Chairman: I am wondering, Mr. Jacobsen and Mr. Blaustein, if this might be incorporated in Mr. Jacobsen's motion for adoption which might emphasize the point which we seem to be attempting to go after. "Be it resolved that the report of the committee is hereby accepted and adopted as an analysis of the report of the 16 nations, and that such adoption conveys no expression of the Council as to the propriety or advisability of the European Recovery Program."

Mr. Blaustein: -- or inadvisability.

The Chairman: Yes.

Mr. Jacobsen: That would be agreeable to me. Would it be to you, Mr. Hill?

Mr. Hill: Yes.

Mr. Jacobsen: Do you have any comments?

Mr. Russell B. Brown: The sentiment is all right, yes, but maybe I am a little bit confused. I want the report, wherever it is picked up, to have right in it a very

definite -- I think it should be a little stronger than you have it. I think I appreciate your position fully, but I think it should be so that as an amendment to the report in some way so that it could never be dislocated from the instrument itself.

Mr. Wilson: You have the first sentence. That does that.

Mr. Jacobsen: Of course we can use different words, Russell.

Mr. Russell B. Brown: I am not trying to be arbitrary in that but I am concerned with the first sentence in the summary.

Mr. Jacobsen: Personally, I am agreeable to that. Does that cover your point?

Mr. Hill: I am agreeable to anything.

Then it has been moved and seconded that the resolution which the Chairman will please read in be adopted.

The Chairman: This might be included as a part of your report, or it might be included in your motion.

Mr. Wilson: Bind it with the report.

The Chairman: "Be it resolved that the report of the committee is hereby accepted and adopted as an analysis of the report of the 16 nations, and that such adoption conveys no expression of the Council as to the propriety or advisability of the European Recovery Program."

Mr. Blaustein: -- or inadvisability; otherwise, it

definitely slants it in the opposite direction. You have to state it both ways.

Mr. Wilson: It says it does not express any opinion as to propriety. It might express the opinion it was for or against, but you do not need both in there.

Mr. Blaustein: It has the implication. If you use the word "propriety" you are slanting it in one direction and you are having doubts as to the propriety. I think it is a balanced thing.

(The question was called for.)

Mr. Wilson: You have two words there, and if you give the opposite meaning, you have to say, "propriety or impropriety," or "advisability or inadvisability."

The Chairman: The question is on the adoption of the report offered by the Chairman of the Committee, Mr. Jacobsen. All in favor of the adoption say "Aye;" opposed "No."

(The motion was unanimously adopted.)

Mr. Jacobsen: As a matter of detail, this resolution will then be bound in with the report?

The Chairman: That is right.

Mr. Max W. Ball: May I say a word that may be a little reassuring to some of you with respect to some of the points George Hill has raised, not by any means with respect to all of them.

These requirements call for a lot of oil, and a lot of

equipment, and naturally everybody is apprehensive as to what the effect would be on our economy of exporting from the United States any considerable portion of these requirements for petroleum products, or of this equipment. However, the United States and its economy are not left entirely unprotected in that respect. The Taft Act, the Taft Anti-Inflation Act, Public Law 395, which will be discussed in another connection a little later, extends for one year, namely, to the end of February, 1949, the authority of the Secretary of Commerce over exports, and export controls are extended by the Taft Act until the end of 1949 and, as I understand it, in the bill that has been introduced for the administration of the so-called Marshall Plan, no authority is given to the administrator to override the Secretary of Commerce or to avoid these controls over exports, so that the machinery will remain to screen and scrutinize all exports for the European Recovery Program as to their effect on the American economy.

Mr. Jacobsen: Just a couple of minor details for the benefit of Jim Brown here. Did you get the changes on page 6?

Mr. James Brown: December, 1946 -- I have that one, yes.

Mr. Jacobsen: And also a suggestion made by Dr. Wilson that similar differences between actual and estimated demand occurred with industry estimates and others.

Mr. James Brown: What paragraph is that?

Mr. Jacobsen: The middle paragraph on page 6.

Mr. James Brown: Yes.

Mr. Jacobsen: The report is signed by me as chairman and should have the names of all the committee members. I tried to correct that last night, but I apparently missed connections.

Mr. John M. Lovejoy: I would like to state for the record that I want to endorse every question Mr. Hill has raised in connection with the plan. In studying these figures set up by the 16 nations, it is very apparent an attempt was to be made to convert Europe from a coal economy to an oil economy. Just to an amateur economist, it couldn't seem very sound when they have the coal there and dig it out and they do not have the oil. I am not going to attempt or do not have the capacity to express my views in connection with this thing as well as Mr. Hill, but I do want to go on record as thoroughly endorsing everything he said.

Mr. Ball: May I give just a little word of reassurance on that also, and that is that whereas some of the 16 nations were extremely ambitious to convert as rapidly as possible and as extensively as possible from a coal economy to an oil economy, some of them at least can see the impracticability and impropriety of that. The very ambitious conservation program that the British had has now been abandoned and they are devoting themselves to getting some coal out of the

ground to meet their fuel requirements rather than to maximize imports of petroleum products, and I understand the same thing, as far as thinking is concerned at least, is under way in France, although it has not reached the same stage as yet. After all, the greatest persuasive force that these nations could have, to keep them from converting from coal to oil, is the fact that they are beginning to realize that they just jolly well can not get the oil.

Mr. Jacobsen: Along the same line, Mr. Ball, I would like to reinforce what he has said with regard to this, that, as I understand it, a number of these European countries called for oil because they could not get coal. If they could have continued to get coal from England as they were getting it, they would not have put forward their oil conversion program, but they could not get coal in England; the only place they could get coal was in the United States. To get the coal in the United States they needed dollars and, if they had the dollars, they would much rather have oil because it is a better fuel. But, if progress is made in England with greater output of coal and if it can be continued, and if the general output of coal in Europe can be increased, those countries themselves will come away from the demand for oil and go back to coal, because that is where their economic life was based before. Any increase in coal production will automatically decrease demand for oil in this country.

The Chairman: Mr. Boyd, are you ready to make a report of the committee on nominations?

REPORT BY WILLIAM R. BOYD, Chairman
Committee on Nominations

Mr. Boyd: Gentlemen of the Council, your Nominating Committee wishes to express its deep, profound appreciation, respect and admiration to Walter S. Hallanan for the admirable manner and way in which he has conducted, administered and taken care of the affairs of this Council during his term of office. (Applause.)

The committee feels virtue has its reward and that therefore it would be expressing the unanimous opinion of and desire of this Council in renominating for chairman for the current year Walter S. Hallanan. (Applause.)

The committee has nominated for vice-chairman Mr. N.C. McCowen, who has been the vice-chairman for the past year.

The committee found that on the agenda committee and the appointment committee there were a couple of vacancies due to retirements from the Council. Therefore, it was necessary to fill those vacancies, but, in general, the committee has renominated the present membership of both the agenda and the appointment committee with one exception, that on the agenda committee and as well as all other committees, the chairman of the Council is an ex officio member of all Council committees, which is proper procedure, and these committees

have 11 members on each one of them, and Walter Hallanan had been elected previously as a member of the agenda committee, and therefore the committee nominated another member there as one of the 11 because Walter would be an ex officio member anyway. These are the nominations of your committee.

On the agenda committee, George A. Hill, Jr., Chairman;

Hines H. Baker;

William R. Boyd, Jr.

B.L. Majewski;

L.F. McCallum;

R.G. Fallis;

Walter S. Hallanon (ex officio);

B.A. Hardy;

A. Jacobsen;

J. Howard Marshall;

A.C. Mattei;

Gordon Duke.

On the Appointment Committee, W. Alton Jones, Chairman;

Jake L. Hamon;

B. Brewster Jennings;

Charles S. Jones;

Frank M. Porter;

E.E. Pyles;

W.S.S. Rodgers;

Charles F. Reeser;

H.L. Thatcher;

Robert E. Wilson;

M.H. Robineau .

I move, on behalf of the committees, the election of all these nominations.

Mr. Majewski: I second the motion.

Drake
(Mr. H.C. Weiss assumed the Chair.)

Drake
Mr. Weiss: It has been moved and seconded that Mr. Walter Hallanon be reelected and Mr. N.C. McGowen also be reelected and the gentlemen read by Mr. Boyd constituting the membership in the Agenda Committee and the Appointment Committee be elected. Are you ready for the question?

(The question was called for.)

Drake
Mr. Weiss: All in favor say Aye; those opposed No. The Ayes have it unanimously, and I congratulate you, Mr. Hallanon. (Applause.)

(Mr. Hallanon resumed the Chair.)

The Chairman: The Council has been most generous and kind to me. I would never want to be called a quitter. I do not propose to be called a quitter now. I had hoped in all sincerity that I might be relieved at this time of the responsibilities of the chairmanship. I did feel when I was first drafted for this service back in September 1946 that we had a rather definite understanding that the chairmanship was to go by rotation from year to year, but those who gave me that assurance at the time, seemed to go out and laugh at

me whenever I tried to hold them to some degree of accountability. But, nevertheless, I want to take this opportunity to say to you that I deeply appreciate your confidence. It has taken me over a lot of hurdles. I hope I may continue to sustain it.

Whatever degree of success I have made, and may have achieved in blazing the trail of this new experiment in government-industry relations has largely been due to the splendid and generous cooperation that I have had from the members of the Council. May I also say that it is immensely helpful to have had the satisfactory kind of cooperation and support that I have received from the Government. The Secretary of the Interior and the Director of the Oil and Gas Division and their staffs and we have pulled together in a common cause and I have found them thoroughly sympathetic in the difficulties that we have often encountered from industry's viewpoint in meeting their requests for Council action, but at no time during all of these months has there been any manifestation of arbitrary action. We who were representing industry have made our own decisions without pressure or coercion of any kind. When I have had to call upon you, my colleagues, for any post which I felt you were particularly qualified to fill in the consideration of the varied problems which have come to us, I have had generous response and very few denials. We have worked

together in a spirit of goodwill, an honest and sincere teamwork effort, which has made possible the success of this Council organization.

Chairmanship of this body has developed into a position which requires a lot of time and a great deal of close attention and, quite frankly, I can see nothing in the immediate horizon that indicates in any way that these problems will decrease. On the contrary our problems seem not only to increase but to multiply almost overnight. In an industry that touches the life of every American and is supposedly interwoven with our American way of life, can we expect less than that? It is no secret that there was much deep-seated opposition on the industry to the National Petroleum Council when it was first created. Many sincere and well-meaning persons perceived the hand of government control behind the scenes. Some of that apprehension still remains and probably never will disappear completely. There is always a suspicion inherently directed toward new experiments either in government or in industry.

However, I believe I am fully justified in saying today that there is a general acceptance by the large part of the petroleum industry and the public at large that the National Petroleum Council has filled a useful and worthwhile function and that the public interest has been well served through our activity. I believe that an overwhelming majority of the

Congress of the United States recognizes the Council as an agency that can be tremendously helpful in advising Congress on matters relating to the petroleum industry.

As Chairman of the Council I have gone by invitation to many sections of the country, particularly into those areas where oil is a key industry and where opposition was manifest and I went there to tell of the Council's operations and its objectives.

On these occasions I have found considerable misunderstanding and misrepresentation with the Council's aims. Many believed it to be an agency set up with great premeditation and deliberation to bring the industry under federal control. I have lashed out at that conception on every opportunity because I believed and I still believe this Council to be an agency that would serve most effectively in the promotion of cooperation and understanding between the Government and the industry and that it was in reality most effective weapon we had of meeting the attacks of those who would seek to bring the petroleum industry under federal control. Events that have transpired over the months since our organization meeting in September, 1946, have caused me to believe even more strongly in that statement than I did when I first made it, and I repeat here today in this hour of public clamor and considerable hysteria arising from the shortages of supply in certain areas of the country that this Council is the

strongest fortification against the encroachment of federal control.

It affords the industry an opportunity to prove its case and to prove that it has gone out energetically and unselfishly in its efforts to meet the enormous increase of petroleum requirements and that it is anxious to continue to put forth its best efforts in providing sufficient quantities of petroleum and its products to meet the public demand if there is no infringement upon our freedom of action.

A determined effort was made in some quarters to destroy the oil and gas division and thereby extinguish the newly created National Petroleum Council by depriving the Oil and Gas Division of an appropriation to carry on its work. We went to work with the respective committees in Congress to show the petroleum industry's interest and faith in the work of the department and I think we can reasonably assume some credit for the ultimate results that came from their efforts. The critical problem of meeting the greatly increased demand of the Government for petroleum products to supply our military forces, both at home and abroad, the far reaching effects on our industry and our domestic economy of our nation is an assumption of the obligation involved in the Marshall Plan of relief for the 16 European nations, the feasibility and practicability of the voluntary agreements being reached by the industry under recent congressional

enactment, present issues and problems of far reaching implications, upon which the Government seeks industry counsel and advice. These are related basically with other problems which arise from crude production availability, refining capacity and transportation facilities.

Without the National Petroleum Council the Government would have had no place to turn to ask for the industry's collective opinion. These situations have impressed me strongly, not only of the desirability of a petroleum council but more so of the absolute necessity for its continuance. The problems of the petroleum industry in relation to the public welfare and national security are infinitely greater and more far reaching to the public interest now than at any time since the Council was brought into existence. Shortages in supply of various products due to the inordinate increase in demand, as well as transportation problems, have brought us face to face with many serious and threatening situations. The Government needs the counsel, advice and cooperation of the petroleum industry today as seriously as at any other time in the past. In my judgment, it would be calamitous for anything to occur now that would evidence any lack of desire upon the part of the petroleum industry to give its full and complete cooperation with the constituted authority of Government.

Today we find the high measure of public interest in the

petroleum industry reflected in the unprecedented situation wherein 15 different congressional committees are dealing with one phase or another of the petroleum situation. The nation is oil conscious, both from the standpoint of our national security, as well as our national economy. We must demonstrate conclusively that our industry is geared to its national responsibility today to the same extent it was geared to the responsibility that came with the war. Nothing short of that, gentlemen, in my judgment would be worthy of our industry. We must recognize that our responsibilities for the public welfare and national security did not terminate on V-J Day. We only moved into another sphere of responsibility and one that demonstrates the vital part petroleum has in our American way of life.

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This is a new Council starting on a new year. We have with us several new members whom we welcome to our deliberations. We begin this year with many serious problems facing us. This Council, coming from every section of the country and from every segment of the oil industry, will continue to be a body of free men where everyone will have an opportunity to voice his opinion. I think at this time it would be timely and appropriate for me to quote from a recent letter I received from Mr. Max W. Ball, Director of the Oil and Gas Division, in connection with the appointments made to this Council, and I would desire that it be incorporated in the record of this proceeding. I quote: "In 1948 membership of the Council is conclusive evidence that Secretary Krug wants and has an independent council representative of the industry that is free to express its views without restriction."

We accept that statement at its full value. It is our bill of rights. It is our constitution and our by-laws. We go forth on that basis, and understanding. We are willing to give our best to aid and counsel our government in days of postwar troubles and difficulties.

Again, gentlemen, may I assure you of my appreciation of the confidence and support you have given me. It will be my aim to continue to steer our course in a way that will bring credit and public approval to our efforts. (Applause.)

Mr. Majewski: Mr. Chairman, I would like to move that the

record show we concur in the Chairman's bid of prelepsis. The definition of "prelepsis" is to take beforehand in anticipation. He read his speech, wrote it before he was elected, so I want to move that the record show that we concur in his bid of "prelepsis."

The Chairman: The record will so shew.

Mr. Jacobsen: One of those who was instrumental in getting our distinguished chairman hooked for his job was myself, and I want to say that when Mr. Hallanor says it was understood there would be a rotation, that is entirely right, but the idea was he would continue to rotate himself, and so he can not claim he has not been warned that he is going to rotate next year, too.

Next, I would like to have this so-called Marshall Plan Committee discharged. We have done what we were appointed to do; there is nothing more we can do, and we would like to resign. At least, I would like to resign as chairman.

The Chairman: Mr. Chairman, I take it that the report of the Marshall Committee and its adoption concludes your responsibility, and the Marshall Plan Committee is thanked and discharged.

Mr. Hill: I wish you would strike out "Marshall" from the record and say the analysis of the 16-nation report.

The Chairman: I accept that.

Mr. Majewski, one of the interim reports which was made to

the Council was the committee on Illinois River Winter Transportation, of which you were chairman. That report was distributed, filed with the department and has been given consideration, but I think that as a formality you should present the report and ask for its formal adoption.

Mr. Majewski: Of course, the Committee on Illinois River Winter Transportation has completed its task and the report is transmitted by the committee to you, and you in turn transmitted it to Mr. Ball, and the Illinois River, I am pleased to report, is open and doing business, in spite of the almanac. I would like to move concurrence in the committee's report and also at the same time move the discharge of the committee.

(The motion was severally seconded.)

The Chairman: The question has been called for. All in favor indicate by saying Aye; contrary No. So ordered.

Mr. Howard Page from the Committee on Military and Government Petroleum Requirements.

REPORT BY HOWARD PAGE, Committee on
Military and Government
Petroleum Requirements.

Mr. Page: At the last meeting of the committee I was asked to put out a statement once a month as regards the situation. The statement was distributed this morning of the situation as of January 9. The important thing in that

is that there has been a substantial decrease in the estimated requirements since the last report, December 5, 1947.

The total requirements in the January to June period are now 52,331,000 barrels. That is equivalent to about 321,000 barrels a day. That is compared with the last requirements estimate of the military of 60,336,000 barrels, so that is a decrease of 8,000,000 barrels. The latest requirements are understood to take into account the over or short position on actual deliveries vs. estimated requirements for the July to December 1947 period -- in other words that period has been washed out and we start from scratch from January 1st. The total requirements for the fiscal year are therefore shown as the actual purchases during the first six months; estimated requirements for the second six months of the fiscal year. On that basis, the fiscal year requirements are 60,767,000 barrels, compared with 117,522,000 barrels in the last report. There is a revision of 2,103,000 barrels.

As of January 9 the aviation gasoline requirements for January to June were $84\frac{1}{2}$ per cent covered. The report states that additional offers are expected to be processed shortly which would bring the coverage to about 100 per cent.

I might mention that on the last report which I obtained yesterday afternoon it shows that, $97\frac{1}{2}$ per cent coverage on aviation gasoline for the full fiscal year. More gasoline

offers already exceed requirements. In total the coverage of the January to June period is already 80 per cent and is 90 per cent of the fiscal year.

Since our report, that will go up to 82 per cent on the last week's figures and the only shortages against estimated requirements are those in those products which I understand the Secretary of the Navy has released -- there was some released during the period in New England. Therefore, presumably, their actual operational requirements are being covered at present.

The Chairman: Thank you, Mr. Page. We will continue this as an interim report and the committees will be reactivated.

Are there any questions for Mr. Page in connection with the report submitted?

A Member: I would like to thank the Acting Chairman for carrying on while our Chairman was running around over in Europe.

The Chairman: I know we are all grateful to him.

Bruce Brown for the Committee on Military Aircraft Fuel Production Capacity.

(No response.)

The Chairman: Mr. Frank Porter, we would like to have the report of your Committee on Petroleum Products Supplies and Availability, which was submitted as an interim report.

REPORT OF FRANK PORTER,
Committee on Petroleum Products
Supplies and Availability.

Mr. Frank Porter: Mr. Chairman, the appointment of this committee as you know grew out of the communication which you received from Secretary Krug who was concerned about shortages, reported shortages, and asked that the Council make a study of what the Government might do, what the public might do, and what the industry might do in connection with that. He also, in that letter, suggested that the industry should consider what they might do as individual units and also by acting in concerted action. However, the Agenda Committee limited the deliberations of the committee to what might be done individually and by units, so we proceeded along that line, and I won't attempt to read this report. It is rather lengthy, but I think it did bring forth some results. I know the Tobey Committee adopted it as a basis for its report, and so did the House Interstate Commerce Committee.

We touched first on the shortage of tankers which at that time was thought to contribute to the shortage on the Eastern Seaboard. As I understand it now, the laid-up tankers are in process of being repaired and added to the operating fleet so that it is thought that by February 1st, practically all available tankers will be in operation. We also suggested the limitation of exports to the extent possible without disrupting the relations with other nations. As I understand it,

the export quota for the first quarter of 1948 is 12,000,000 barrels of petroleum products, and, although this is the same quota as for the last quarter of 1947, there is more than 5,000,000 barrels under the actual shipments in the first quarter of 1947.

Then, we emphasize the Government in its various agencies should call attention and publicize the critical fuel shortage. I think that has been done and very effectively. Then further things that were done by the industry were the Coast Guard authorized heavier loadings of tankers and the maritime officials have stated that an attempt would be made to contact the proper agencies of foreign countries to see that their regulations would be likewise reduced in order to permit heavier loadings on a worldwide basis.

On the question of tank cars, O.D.T. officials have stated recently on several occasions to congressional committees they are maintaining a constant survey of the situation so as to be absolutely sure that tank cars are being efficiently utilized. The same officials further report that their records indicate an all-time high has been reached this year in the efficient handling and use of tank cars.

Barges and product lines are being utilized as fully as possible and a great contribution was made by the Illinois River Committee that Mr. Majewski headed.

I think, generally speaking, industry has modified its refining procedures to take into account the demand

for kerosene and heating oils which has arisen more rapidly than the demand for gasoline.

I think we are getting good results on that. Of course, the exports of crude petroleum and petroleum products have already been discussed, and, as to imports 1947 showed an approximate 10 per cent increase over 1946. I haven't been able to ascertain to just what extent industry has refrained from raising the octane specifications for gasoline. Industry has been very active in the field of distributing information relative to the economic utilization of petroleum products. I think in Mr. Lovejoy's comments he did an excellent job on that in the areas that were in short supply.

I don't know just what the public has done on the recommendations that were made for its benefit, but certainly the papers have been full of suggestions on the efficient utilization of heating oil and it is bound to have some effect.

I think that is about all, Mr. Chairman.

The Chairman: Thank you, Mr. Porter. Do you move the adoption of the report?

Mr. Porter: I move its adoption.

(The motion was seconded)

The Chairman: Are there any comments or remarks? All in favor indicate by saying Aye, contrary No.

(The report is adopted.)

The Chairman: Mr. Bruce Brown of the Military Aircraft Fuel

Productive Committee.

REPORT BY BRUCE K. BROWN, Chairman,
Military Aircraft Fuel Productive
Committee.

Mr. Bruce K. Brown: Mr. Chairman, I have a rather peculiar type of report because what it amounts to is a recommendation. But, if you will bear with me, I would like to review briefly the origin and status of this committee. Before the Oil and Gas Division was organized and before this Council was created, the Army Air Forces, which I think is now not technically in existence any more, asked the Bureau of Mines to assist in making a survey of the availability of aviation gasoline and jet fuel on an all-out war basis in the event of another war. After that, the Oil And Gas Division was established by the Department of Interior, and the problem was taken up with them by the Bureau of Mines. Then the Council was formed and one of the first assignments that was ever given to the Council by the then director, Mr. Davis, was to try and answer this question, and this temporary committee, of which I have been chairman, was appointed to do that. We have three sub-committees, one under Mr. Frame of the Cities Service, one under Mr. Holliday, and the third one I think is under Mr. Hill, of Sun, in working on this problem.

We have always been embarrassed because when we got to the place where we got the news and were able to tell the armed services how much aviation and jet fuel they might possibly be able to get in the event we are thrown into another war,

the Council procedure was that we would have to bring it in and report it to you gentlemen and then you would in your good judgment either accept or reject it, and if you accepted it you would recommend it to Director Ball, and he would take it to Secretary Krug and to the Army and Navy, and all of our enemies, by that time, would know as much as we did.

We have not worried too much, because we have been laboring through a highly technical job of setting up a type of questionnaire which we would have to ask the refiners in order to get the answers. Last July when the Military Petroleum Advisory Committee was established by the Secretary of Interior at the request of the War and Navy departments, and with the blessing at least of most of the Council, I think, it was discussed here, although I was not present, and a suggestion was made that this particular technical job that has a military secret aspect should be transferred from the Council to the Military Petroleum Advisory Committee jurisdiction. Director Ball indicated informal approval of the idea. I was the one who resisted, and said, "Let us see if we can get the committee running because the work is important and we do not want to load it down. Let us take it up later."

The Military Petroleum Advisory Committee is not completely established but fairly well established and is working on a number of oil problems that are of military secret nature, so

we do not yet have a questionnaire, and have not run across the bridge of military secrecy.

I would recommend to the Council that the temporary committee be discharged and that I will assure you the Military Petroleum Advisory Committee will ask the same individuals to reconstitute themselves as one of the committees under that body, and go ahead and get this answered, and when they get the answers it won't have to go in the newspapers.

There was a time when that seemed to be one of the significant assignments of the Council, but since that time the Council has gotten plenty to do.

I so move if it is in order.

The Chairman: The motion is seconded.

Are there any questions in connection with the suggestion that the committee be discharged? You have heard the motion which has been duly seconded. All in favor indicate by saying Aye; contrary No. The committee is discharged with great thanks.

Mr. Bruce K. Brown: May I have a moment more?

The Military Petroleum Advisory Committee to which I have been referring has not sought nor had any publicity, and probably will not have. The names of individuals who were appointed to it were published at the time of the appointment, and there is a good deal of overlap between the Council and

the committee. For the information and interest of the Council let me say it has been our habit to hold meetings at the time of the Council meeting in order to accommodate members. We have set up a network of committees under the Military Petroleum Advisory Committee. We have a committee working on synthetic fuel from the standpoint of military security. We have one working on supply and requirements in the event of another war. We see the same old faces, for instance, our friend Stewart Coleman is chairman of that particular activity; Mr. Fallis is heading the refining panel of what we call "impact," and believe me it has been an impact on me, so we are trying to get the same data from the same industry sources, but get through military channels and keep it quiet. We are going to have two days of meetings this time in the Interior building, one tomorrow morning and the brass of the Army and Navy Petroleum Board have exhibited a great interest in our committee, and I think General Powers, General Grand, Admiral Hoover, Jocko Clark and others will be there. We have a meeting tomorrow morning, with panel discussions, because we have divided ourselves into groups with a production panel, a refining panel, and so forth. We will meet again on Saturday largely to accommodate some of our people who are flying in from the West Coast to discuss supply and demand.

Thank you.

The Chairman: Thank you very much.

Mr. John M. Lovejoy: Mr. Porter in his report referred to the activity of the industry committee on public relations, and what they are doing with respect to the campaign for fuel and conservation. I think perhaps the members of the Council might be interested in knowing what we are doing.

The Chairman: I think it would be very timely.

Mr. Lovejoy: On or about the middle of December, it was decided to modify the long-term program of public relations that we have been following and accentuate the need for fuel conservation so, to that end particularly, in the areas affected, the committees have attempted to accelerate the program and to include in it the emphasis on the need for fuel conservation. Campaigns by the industry to meet the needs and to obtain cooperation with the public in the conservation of fuel oil have been underway for slightly more than four weeks. Virtually every medium of communication to the public has been used during that time with increasing frequency.

Through the use of all these media, a conservative estimate is that the total circulation of all printed matter, the total of all radio listeners and the total of all personal contacts and the total possible impressions of all graphic material is well in excess of one billion.

The industry is organized to move quickly in this campaign.

It has utilized 10 district committees operating in affected areas. These district committees are organized by steps to the state and local levels through meetings and other means used to swing oil men into action. They have mobilized more than five thousand workers, members of the industry, in this campaign. These, in turn, have stimulated hundreds of companies and individuals operators into the application of beneficial results.

Many companies make full use of their facilities to reach the public and their number is being increased almost daily.

From reports and other tangible signs it is apparent the campaign is gathering momentum and will reach its maximum potential around the first, although it is believed at this time that every consumer of fuel oil in the affected areas have been reached with at least two messages per week. When present plans for the intensification of the use of all materials are materialized, every member of the public, including of course the consumers will be exposed to the facts not fewer than six times a week. Most of the larger companies have made repeated use of their facilities to reach consumers directly. Millions of letters to consumers have been sent. Such activity has been engaged in by numerous jobbers, dealers, and distributors of all kinds. More than one million copies of "How to save money on oil heat" have been distributed and, on the basis of orders already filled

and received, the circulation of the folder "Questions and Answers on the need to save fuel oil" will exceed five million.

Material of a similar nature is coming off the press weekly and will receive the same type of distribution. Newspaper advertising is appearing with increased frequency, while all companies have not run such advertising and some are not planning to use the medium, early reports which are in show thus far that conservation advertisements have appeared in more than six hundred newspapers in editions having a circulation of more than 258,000,000.

A full industrywide campaign was decided upon a few days ago to supplement the industry program. There is an advertising plan calling for the expenditure of \$300,000 that has nothing to do with the main program for public relations.

The first of a series of five weekly advertisements will appear January 27 in newspapers of all cities having a population of 10,000 and over in the 25-state affected area. This is a district committee operation and is in addition and supplemental to the established industry and company program.

On the radio, it is estimated that we are reaching 100,000,000 people a week. Many companies as you knew, have a short time on the radio. Esso is on the radio four times a day. Not all of their talks are on this particular

subject, but many of them are. At any rate, these people that know how to measure the effectiveness of radio, estimate we are reaching 100,000,000 people a week by the radio.

As networks which are currently beginning to operate local stations in which home district committeemen are working swing into line, this radio audience will increase many times in the coming weeks. In addition to such appeals from the radio stations, commentators and programs of various types, the listening audience is swollen by appeals made in company commercials. Each company using radio is making from two to seven such appeals to each total weekly audiences of more than 100,000,000.

One company is making use of television on three stations to reach 100,000 persons twice a week.

The Columbia Broadcasting System has, for the past week, been making conservation announcements on network sustaining programs. This schedule will continue for one month. The American Broadcasting Company has been making two conservation appeals daily on network programs and will increase its number to three next week. Other networks have pledged the same type of cooperation.

An appeal to motion picture audiences will be filmed Friday of this week by the news reels. The President of the National Motion Picture Theater Owners Association will be the spokesman and will see that theater members of his

association in affected areas make use of the film. They have been responsible for obtaining strong editorial support. They have worked closely with state and local fuel coordinators and have supplied material to be used by the organizations in appealing to the public.

Acceleration of speaking schedules has been accomplished by all district, state and local committees, business and other organized groups in every community are hearing repeatedly about the industry's efforts and the need for fuel oil savings.

The district committees have served as the channel for distribution of material to industry units and to the public and have stimulated its widespread use. This is particularly true in connection with their work with distributors and jobbers. In such cases, as well as in the case of smaller companies engaged in other types of activity, and which do not have facilities for preparing their own advertising and other useful material, the district committees have supplied their needs.

Specially prepared advertising copy and printed material of all kinds has gone to district committees and, in turn, the companies and individuals involved. Through this activity the industry is mobilized for the most complete campaign to reach the public in its peacetime history.

 The Chairman: Thank you very much for the information.

The Secretary of Interior had asked the Council to take some steps in this matter in your Committee of the A.P.I. I would hope that at the noon recess when the newspaper people come in here you might be prepared to say something generally to them as to the scope of what you are doing so that they may understand. I think it would be desirable to make some statement as to the efforts we are making in that direction.

Mr. Lovejoy: I would be glad to.

~~Mr. Lovejoy:~~
The Chairman: I want to call on Mr. Max Ball to take the floor if he wants to discuss the matter you referred to.

Mr. Max Ball: I want to say a little more about the conservation program which I think is the biggest and best thing the industry is doing, aside from the tremendous efforts being made to supply all the petroleum products it possibly can. Frank Porter's committee called on both Government and industry to do whatever possible to further the conservation program. I just wanted to report that we in government have not been idle on the subject, either. In the first place, as you have all seen in the press, the President issued an order to all Government agencies to conserve fuel oil, gasoline, and gas. That had two purposes, one, to bring direct conservation by the Government, which is pretty large user, and, two, to put all the force possible behind the industry's campaign by calling attention of the public to it and showing

by the President's order that it is of sufficient urgency so that the Government itself did adopt it in its fullest form -- the conservation campaign that the industry is advocating.

Then, in furtherance of that same second objective, last week at the time of the meeting of state fuel coordinators here in which I tried to lay all the emphasis I could on the importance of this conservation program, the Secretary of the Interior issued an appeal to the public to conserve fuel oil, gasoline, and gas and specifically endorsed in that appeal the campaign that is being carried on by the industry.

There is one other little contribution that we have made. The White House called me up the other day and said that the A.P.I. had requested the cooperation of the National Advertising Council in this campaign and wanted to know what we thought about it, and we told them we thought most highly of it and hoped the Council would give it its fullest support.

The question raised when we had a meeting down here one night about these conservation campaigns was that they were not getting down to the dealer level, that all of us in the room would know the necessity for it, but the individual distributor and the dealer who is the man who meets the public, had not yet awakened to the need for conservation.

I think there is still much to be done with the tank wagon man because we get repeated letters in here which say,

"The tank wagon man says this is a conspiracy and an attempt

by the company to raise prices," or, "There really isn't any shortage. It is just a matter of trying to freeze out the little fellow."

So I think there is still something to be done on that line although I think you are getting to him. But, to prove this is getting to the level where it counts, Jim Kendrick of the Department of Information Division just handed me this morning a notice which he received as a tenant over here in Buckingham in Virginia. He got it yesterday. There are 1700 units in Buckingham and it houses about 4000 people.

"We have been advised by our oil suppliers that it is absolutely necessary to conserve fuel oil. Enclosed herewith please find copy of a letter received from L.P. Stewart Bros. which indicates our quota has been reduced and suggests a reduction in room temperature. We regret to advise you it will be necessary to reduce the temperature in your apartment in order to conserve fuel."

The attached letter from L.P. Stewart says, "In view of the critical supply of meeting its demand, the industry has adopted a conservation program as one of the means of overcoming the shortage," and it goes on to give the dope you have been giving them.

That is the best indication I have had to date that this is getting down to where it counts and I, for one, want to express my extremely warm appreciation, and I am sure I am

speaking for the Secretary as well, of this campaign that the industry is carrying on and of the way it is being carried on.

Mr. Jones: It seems to me in the face of the commendatory statement of Mr. Ball it might be appropriate at this time to call the Council's attention to something which may have escaped their attention which I think is quite disturbing.

I understand perhaps the Secretary will be with us later in the day. But it has been my observation that the attendance of the Council meetings usually is much better in the morning than in the afternoon as people have other engagements. I therefore take the liberty of inviting your attention to a statement by the Secretary of the Interior in a press release of January 14, 1948. He appeared before the Senate Banking and Currency Committee in a hearing held on bills S-1888, S-1837 and S-1923.

"Coal and oil are without doubt vital commodities basically affecting the cost of living and industrial and agricultural production. Within the meaning of S-1888 these commodities are of such fundamental importance to our economy, in fact, and the increases in coal and oil prices are of such dangerous character in the present inflationary atmosphere, I would necessarily freeze coal and oil prices at all levels if S-1888 were enacted. I would do so in order that my department could examine coal and oil prices from the standpoint of production and distribution costs, corporate profits, supply prospects and other relevant factors."

Again I quote from the statement: "In the case of oil I anticipate allocation, possibly including rationing, would be necessary because of the oil shortage."

And now quoting the last sentence, "To prevent a complete distortion of our free economy system, limited controls are needed now. Limited controls, in my opinion, will enable us to check inflation, but the time for action is short."

Now, I am mindful of the fact that this is an election year, and I will borrow a phrase from the politicians and say, "I view with alarm and serious alarm statements of this kind emanating from the Secretary of the Interior. I think candor and frankness is the foundation stone and basis of cooperative efforts. I yield to no man in this presence in the support of the plan which was outlined here in the fall of 1946, looking to the formation of this Council and the cooperative effort which has grown out of it. I endorsed it then and I certainly endorse it now. We have made some pledges to the Secretary and received some in return. Among others, the Secretary has said publicly and in this presence that he would never advocate any vital action in connection with or vitally affecting the oil business without first consulting with this Council. He has said that the creation of this Council was to seek advice on matters of great import to the economy of the oil business and to our whole national economy. He said in his opening statement to this Council that he was a "johnny-come-lately" in the

oil business and did not understand it but he is a very alert and apt fellow and, even in the face of that, I submit that in a year he could not have learned all questions and can not know all the answers.

Now, I do not want to charge the Secretary with bad faith, and I will not say here what I would say to him, but I think we have to ask him to explain on two counts the statements made before that Senate committee. First, on what does he base his judgment that such a drastic step as the freezing of oil price ceilings -- all prices -- is justified? Second, on what does he base his judgment that rationing in the oil business is necessary at this time? Thirdly, having reached those conclusions, is it appropriate and fit that he should have gone before a Senate committee and released to the press the statement advocating such a drastic and radical change affecting our economy without consultation? I bring that up, Mr. Chairman, because I feel it important to get before this Council what I think is the most important departure from the cooperative efforts which the Director of the Oil and Gas Division has commended on the part of the industry. This, in my opinion, is a most serious breach of the relationship between the Secretary and this Council.

The Chairman: Mr. Jones, you will be here at the afternoon session so we can pursue this question later?

Mr. Jones: Oh yes. I bring it to your attention because

I feel --

TheChairman: I did not want the matter to be closed.

Mr. Jones: This situation here relates to industry and the Council.

TheChairman: I would have hoped to have the Secretary here at this time so he could have understood the position you have taken.

Mr. Wilson: Would it not be in order to ask Mr. Jones to express on behalf of the Council as a whole the sentiments he has expressed when the Secretary does visit us this afternoon, if he does? I think it would be very desirable to have Mr. Jones say what he said with the weight of the Council behind him.

Mr. Jacobsen: I was going to ask the same question that Dr. Wilson asked, whether Mr. Jones would not repeat his statement when the Secretary came but, if I am not incorrect, there is one short quotation in the same statement in which the Secretary speaks of possible rolling back of prices. I think it is in there -- a sentence to the effect that we consider whether prices should not be rolled back. If I am right, I suggest that you include that statement, too.

Mr. Hill: I would like to have an opportunity to concur in everything Mr. Jones has said, but include in his inquiry this question. When this Council was organized it was organized pursuant to a presidential decree and pursuant to

several exchanges of correspondence between the Secretary of Interior and the Attorney General, the general result of which was to deprive the Council of giving its advice or recommendations with reference to any matter not first submitted to the Chairman of the Council in writing by the Secretary of the Interior or by the chief of the Oil and Gas Division, and it also contemplated that the Oil and Gas Division would be the source in the ascertainment by the Government and all agencies dealing with oil of matters relating to the petroleum problems, so I think it is a very pertinent inquiry in connection with the question that you ask that, considering the great variety of highly competent studies that have been made by innumerable committees with reports thereon to the Oil and Gas Division, and presumably available to or considered by the Secretary of the Interior, why such procedure in a thing of such vital import to the nation and the industry was not resorted to by submitting questions for studies and advice and recommendation.

Mr. Jake L. Hamon: Mr. Chairman, I think Mr. Jones has admirably stated the proposition, but I am wondering if it was your intention to preclude any of the rest of us asking the Secretary such questions.

The Chairman: I want to answer that. You have heard my remarks a little while ago declaring that this is a body of free men, free expression, and you shall have an opportunity

to be heard.

Mr. Jones: I want to suggest that there are other people here who more ably could present the subject to the Secretary and I did not bring it up to get the thing wished on me. Certainly nothing I would say here would preclude anybody else from talking. There are some lawyers here who could present it.

The Chairman: I think that inasmuch as you brought the matter to the attention of the Council, the discussion should be led by you, speaking on behalf of the Council, and that would not mean we could not follow it up with a free and open discussion by any member with a desire to adding anything to the statement.

Mr. Porter: I would like to make the suggestion that we be not too hasty in judging the Secretary because, in view of the statement he made to us on numerous occasions, he had no design for federal control of the oil industry. I won't believe he made the statement until he tells us this afternoon that he did.

Mr. H.J. Jones: I have a copy of it and you knew he made it.

Mr. Jacobsen raised a question with reference to the roll-back. There was an implied reference to it. This is a very interesting statement, and I commend it to all of you. Get it and read it. It discusses the recent increase in the price

of crude and further says, we do not have the data at hand now to determine what the prices of coal or oil should be or to what extent it may be possible to roll these prices back to prices prevailing between June 15 and June 30, 1947.

Mr. Hill: One of the reasons I bring the subject up is I remember the agony with which the Council during war days struggled with the matter of freezing of prices and the difficulties we had in trying unsuccessfully over the years to get some recognition on the burdensome costs heaped upon us by the war and the inflexibility of prices once frozen. I am not going to discuss at this moment, and I don't know that I would at any time, the corporate profits of the oil companies and whether the prices are justifiable or not, but I am talking at the moment toward the kind of stateism and thinking which applies to the fixation of prices on the basis that we would know very well we could never get jarred loose from, and if we ever do, this cooperative effort of ours might as well go down the sewer. This is not in the direction of solving the oil shortage, of that I am sure. I think somebody ought to tell the Secretary that who knows how to tell him well.

The Chairman: Mr. Ball, I want to ask you to answer that.

Mr. Ball: I have much hope that the Secretary is going to be able to be here this afternoon so that you could tell him directly, as is appropriate, how you feel about this or any

other matter. The Secretary had planned to be here throughout most of this meeting, because he felt the importance of this particular meeting of the Council, and he had hoped and so told me that he would be able to be here throughout most of this meeting. He would have been here this morning but as you know, the Secretary administers a very large department and matters came up which compelled him to go to New York last night and detained him in New York until today noon, as a matter of fact. He will get back at two o'clock this afternoon. He had then expected to spend the afternoon at this meeting, and after he left, the House Foreign Relations Committee demanded that he appear before them at 2:30 this afternoon.

Now, those of you who have to do with congressional committees know that those are command performances and that you go when you are asked to go even though you are a Cabinet officer. In this case, every attempt was made to try to defer that appearance but, unfortunately, it had already been deferred twice and the committee has reached the point where they can no longer defer it, so the Secretary has to appear before them at 2:30 this afternoon. The staff has asked the committee to expedite his testimony as much as possible and to try to finish with him if it can possibly be done by four o'clock, which would leave him free to be back here with you at this meeting at about 4:15, and I hope very much

that that can be done.

Mr. H.L. Thatcher: I happened to read a transcript of the same testimony in view of the public relations program that the industry is carrying on. It cites some figures to the effect that coal prices increased 30 per cent in the past few months. During that same period, oil prices increased 51 per cent; and did not call attention to the fact that oil prices were frozen for five years before that, and coal prices were increased, which is largely responsible for the burden the oil industry is carrying today.

Mr. Hill: We were all tremendously impressed with the first appearance of the Secretary, and I think he has been with us once since the Council was organized in September, 1946, but our very genial and able chief of the Oil and Gas Division has been with us all the time. I am wondering if it is not appropriate to ask his comments about the net of the impressions he has received from our reports and studies upon this very pertinent and paramount public question that the Secretary has dealt with, or at least invite him to give such expressions as he feels are compatible with his duties and position.

Mr. Jones: I rise to object. I think I know who wrote the speech and who is responsible for the philosophy, and I do not think that Max Ball can answer this question for me. He can not answer the question I want to raise before this

Council, and I don't think it is fair to ask him to answer. I want the Secretary to tell us what the statement means.

Mr. Hill: I do, too.

The Chairman: Mr. Jones, it seems to me, inasmuch as the Secretary made the statement and Mr. Ball has indicated the very great desire to have him here later this afternoon, I think it would only be confusing if we attempted to inject Mr. Ball in a situation of this kind.

Mr. Hill: I will withdraw the suggestion.

The Chairman: There is one matter I would like to dispose of. We have the report of the Committee on Petroleum Tanker Transportation which Mr. James Patterson is chairman of, and an interim report was furnished to you some time ago. Mr. Patterson is unable to be here, but the Secretary has some additional word from him, and I would ask Mr. Brown to report to the Council at this time, at which time we can then adopt the report.

Mr. Brown: I talked with Mr. Patterson on the phone the day before yesterday. He informed me he could not be here. The report was distributed by mail to the members, dated November 17, carried some specific suggestions on the tanker situation as it appeared at that time. I think Mr. Porter's committee also submitted an interim report at the same time on the tanker situation which was rather difficult, and these two committees stated at that time they needed about 30

two-type tankers to relieve the situation on the East Coast. Mr. Patterson now tells me that since the time they made that suggestion he also made that same suggestion to the Wherry Committee that about 40 tankers were needed as they saw the picture at that time, but since those statements were made, he tells me they have added to the East Coast service some 16 or 17 tankers and, by the end of this month, he expects that number will be in excess of 25, and that by the middle of February, there will be sufficient additional tankers in service to balance the requirements in the East Coast service. He also states the Maritime Commission assures him that they will continue or urge the continuance of tankers in the East Coast service, those that have been earmarked for sale. He expressed this opinion and asked me to pass it on. He thinks about the middle of February the tanker situation, so far as the East Coast is concerned will be solved, except that they will probably be looking for oil there to fill them up.

The Chairman: You have heard the report and the supplemental information, made by Mr. Brown. It is my desire that this committee should be continued but in the meantime I would welcome the report of this particular committee be adopted.

(It was moved and seconded that the report be adopted.)

The Chairman: All in favor indicate by saying Aye; contrary No. So ordered.

Gentlemen I would suggest a recess until 2:30, and I hope we may have a good attendance. At that time I have invited to come before the Council Mr. Arthur M. Hill, who is Chairman of the National Security Resources Board, the vital arm of our national defense, and Mr. Hill is going to be in close touch with our oil situation and very much interested in it and I want and hope that we may have a good representative crowd here at 2:30 to greet him.

(Whereupon at one o'clock p.m. the meeting was recessed to reconvene at 2:30 p.m.)

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A F T E R N O O N S E S S I O N

The Chairman: The Council will please be in order.

Gentleman, one of the cornerstones of our National Petroleum Council is our dedication to the principles of national security. We have attempted to chart a course that kept us closely allied with all of the situations and contingent emergencies that might arise in relation to our national defense.

Some months ago the President of the United States appointed a distinguished citizen as Chairman of the National Security Resources Board. I was very happy to know that in that selection the President not only appointed a man of outstanding ability, but he reached over into the other Party and selected for the responsibility, a good, dues-paying member of the Republican Party.

It so happens that he is a native of my own city. Practically we grew up together. He has rendered distinguished service to his country during the last war. He is a man of recognized organizing ability.

This afternoon I thought it would be particularly appropriate that he should come here to meet you and for you to meet him. One of the minor problems which falls into his lap in the development of any program in connection with national security, is oil. He is anxious to approach that subject with the complete cooperation of the oil industry.

It gives me a great deal of personal satisfaction to introduce to you one of my very close personal friends, a man who has been honored in this distinguished post to which he has recently been appointed. I commend him to you. I now present to you Mr. Arthur M. Hill, Chairman of the National Security Resources Board (applause).

STATEMENT OF ARTHUR M. HILL,
CHAIRMAN, NATIONAL SECURITY RESOURCES BOARD

Mr. Hill: Mr. Hallanan, and Gentlemen:

I have made my remarks here in the form of notes in order to take up the least amount of your time and to make any comments as brief as possible.

I am delighted to meet with you today on the special invitation of your Chairman, my old friend, Mr. Hallanan. He seems to hit the jackpot whichever way he turns. When I met him today there were so many things to congratulate him upon, I haven't even started yet. I hope to have the opportunity at some later time in the lighter moments of the day.

Furthermore, the subject of petroleum essential supplies and requirements is distinctly in the forefront, as you well know, of all official thinking today. Because of our mutual interest in the subject, as well as dozens of others affecting the welfare of our nation in peace as well as war, it seems appropriate that I should explore with you our new National Security Resources organization and its problems.

I will undertake to give you a brief outline of our thinking in our approach to some of the problems we are faced with. I shall talk very frankly to you, and, of course, my remarks are not for publication, and I assume nothing here is. Not that I have anything particularly secret to tell you--if I had anything I thought you were secretly interested in, unless it was too, too secret, I would tell you anyhow.

The greatest lesson of our World War II lies in the change in our conception of total war. Total War had no place in World War I. It took World War II to demonstrate its true meaning. World War II was the first truly global war fought on three continents and the Seven Seas. It was the first war to utilize fully a combination of land, sea and air forces. It was the first war in which the economic systems of nations became primarily strategic objectives. The development of air power made it possible for the first time to directly attack industrial facilities on a broad scale. Application of science and technology to war reached amazing proportions and vastly increased its scope and complexity. Culminating in the atomic bomb, it has made possible the destruction of a heart of a nation without the defeat of its conventional military forces.

To give you some background material, let me remind you that in World War I we relied largely upon our allies for

World War II saw the first effective mobilization of resources. In the last war, not only was there a total mobilization of resources in our history, but we largely supplied our allies.

It is now evident that success in any future war will necessitate the full application of all the resources of a nation, its manpower, its industry, agriculture, mining, transportation and communications. The entire economic system must be mobilized for the support of the war effort. Practically every normal human activity has a bearing in some degree on that effort, the educational system, the scientific research, foreign trade and even amusements for their morale value. Modern wars will be fought not by armed forces alone, but between the totality of nations. It is highly questionable whether the atom bomb and other weapons of the future will upset this trend. We cannot accept the idea of winning a major war with ^a few superior weapons and small force of technicians, while the rest of the country follows its normal pursuits. The history of warfare bears out this assumption. New weapons and tactics tend to overshadow the old, and in some instances replace them.

In short, war no longer means men and guns in the field. It means coordination of all the resources and efforts of the nation. I would like to show you how we lag behind some other countries. Some of our efforts were not total, in comparison with the efforts of our foes and allies, such was not the case.

Our homeland was not bombed or invaded. We were not subjected to a tight blockade or the full force of other means of economic warfare. We did not mobilize our manpower to the extent of the British. We did not have the means of economic control of the Germans. It is estimated that while 55 per cent of British production went into direct war purposes, ours was 40 per cent. To a large extent our war purpose was superimposed upon civilian consumption. Fortunately this was sufficient. Next time--if there is a next time--business as usual simply will not do.

Since the United States is subject in the unfortunate event of war to sudden and direct attack through present and future weapons, basic security must be in a state of readiness during peace. Without the readiness of these elements, the effectiveness of our Army, Navy and Air Forces is, to say the least, curtailed. I want to emphasize that preparedness in the civilian field is just as important, if not more important than purely military preparedness. When and if danger threatens again we must not hesitate. We must be prepared to promptly create organizations, head them with previously selected key men with some training who are prepared to get on with the job.

The primary lesson of World War II gave overwhelming proof for the need of adequate organizational structure to encompass all of the factors of total war, starting with the early phases of the emergency. As a result, the National Security Act of

1947 became law last July.

In the preamble of the Act is is stated, and I quote:

"In enacting this legislation it is the intent of Congress to provide a comprehensive program for the future security of the United States".

The Act emphasizes the need for better planning and coordination than that experienced before or during World War II in the utilization of our resources for any possible future war.

Briefly, here is the way it is being carried out. The Act established the National Security Council consisting of the President, the Secretary of State, Secretary of Defense, Secretary of the Army, the Navy and the Air Force, and the Chairman of the National Security Resources Board, and certain other department heads, if appointed.

There have been no further appointments and the Board consists of those that I read. The Council has a staff headed by a civilian executive secretary. It is the function of the Council to advise the President with respect to the integration of foreign, domestic military policies relating to the national security. Here is recognition of the fact that national securities are concerned with the entire government, not merely the armed services.

The Council has the duty of assessing and appraising the objectives, commitments and risks of the United States ¹ in relation to our actual and potential military power. Under

the National Security Council there was created the Central Intelligence Agency to coordinate the intelligence activities in the several departments, and the departments of government, in the interest of national security and to perform such other functions as may be assigned to it by the Security Council.

The Act also created the National Military Establishment headed by the Secretary of Defense, consisting of the Departments of the Army, Navy and Air Force. Under the Secretary of Defense the law established the War Council which is composed of the three Secretaries and the three Chiefs of staff, the Munitions Board and the Research and Development Board. In effect these latter constitute the staff of the Secretary of Defense.

Through the National Military Establishment, the Act provides the organizational framework for the coordination and unified direction of the three armed services. The need for this was clearly demonstrated during World War II. The third major defense agency created by the Act is the National Security Resources Board. This is the Board of which I am Chairman of the Board, composed of the Chairman and members appointed by the President, and subject to confirmation by the Senate and such heads or representatives of the executive departments and independent agencies as may be from time to time designated by the President to serve, these members to secure coordination at the highest level.

The Chairman of the Resources Board, as I have said, is also a member of the National Security Council. I took office as Chairman on September 26, and on November 13 the other members were appointed. The present members in addition to the Chairman, are the Secretary of the Treasury, Defense, Interior, Agriculture, Commerce and Labor. The function of the Board under the Act is to advise the President concerning the coordination of military, industrial and civilian mobilization.

The Act goes on to include within the purview of the Board, one, policies concerning industrial and civilian mobilization; two, programs for effective use in time of war of the nation's natural and industrial resources, stabilization of the civilian economy; three, policies for unifying in time of war the activities of federal agencies and departments; four, the relationship between potential supplies of and potential requirements for manpower resources and productive facilities in time of war; five, policies for stockpiling, and six, the strategic relocation of industries, services and economic activities.

No doubt you will realize from the foregoing that this Board is meant by law to be the top agency by the government in national security planning in all fields other than military and foreign policy. The Board has ^{been} visualized as the President's principle channel of advice on matters concerning the state of the country's readiness in the field of economic prepared-

ness. In a sense, the Board is a peacetime combination of practically all of the civilian war agencies of World War II. In time of war, it is expected the Board will become the Office of War Mobilization, with coordinating direction over various aspects of war effort.

The Board is not part of the military establishment. It is an independent civilian agency directly responsible to the President. It is traditional in this nation that planning for the utilization of our resources and manpower in time of war is primarily a civilian and not a military responsibility.

In appointing the Board, the President issued an executive order which established the position of the Board within the executive branch of the government in accordance with the National Security Act. The order covers the relationship with other departments and agencies of the government so far as obtaining information, studies and reports, and so forth. It grants broad powers and authority to the Board which in turn has delegated its authority to the Chairman.

I now come to a point that needs clarification. We have often been asked about the relationship of the National Resources Board to the Munitions Board. At first there might appear to be overlapping conflict of functions between these two boards. Such, however, is not the case. Since the war the Munitions Board--formerly the Army and Navy Munitions Board--has been engaged in industrial mobilization planning in

lieu of any other agency constituted to do so. The Munitions Board has prepared a tentative outline of ^{an} industrial mobilization plan. The other than military aspect of such plan is being taken over by the Resources Board in gradual manner so as not to disrupt the work under way. The Munitions Board is charged by law under the direction of the Secretary of the Defense in support of strategic and logistic plans of the joint chiefs of staff to coordinate activities within the National Military Establishment, in regard to industrial matters, including the procurement, production and distribution plans of the departments and agencies comprising the Establishment.

To put it briefly, the specific functions outlined in the law gives the Munitions Board broad powers and responsibilities with respect to the military aspect of planning and operationally in procurement, both in peace and war. I think we can divide the functions of the National Security Resources Board into five major categories. Let me enumerate them, then I will touch very briefly on each one separately. They are manpower, stockpiling, material studies, the organizational problem and strategic relocation of industries.

The manpower problem must be approached firmly, but it requires much mature thinking and sound judgment. It will be necessary to consider manpower in every stage of planning

for economic mobilization. The programs, governmental and private, must be reviewed in such fields as workers' housing, conversion of skills, apprentice training, educational and other training facilities, and the occupational distribution of workers. The system finally evolved in the last war was two years in preparation, largely by the trial and error method. The voluntary movement of labor into war plants, including the use of large numbers of women, accomplished the production job. We have reason to believe, however, if the war had lasted another year, the voluntary system of manning war plants would have been inadequate.

I might also touch on the shortcomings and inadequacies of our system of selective service where the first call upon a man's services was for military services, regardless of the disruption that might cause temporarily in a researchway, and other matters in which men could be of much more value to the war effort than in a uniform.

Stockpiling is, of course, our next important category. This phase is now under way. The required minimum program calls for \$2,800,000,000 for the stockpiling of strategic materials. Only a small portion of this amount has actually been appropriated. \$275,000,000 plus this year's budget recommendations to Congress of \$285,000,000--of course, that has not been approved yet, and, of course, these sums have not all been spent. Purchases have been postponed because of high prices. Buying has

been delayed because much of the raw material is needed by private industry. From the standpoint of national security, this is not a healthy situation. This leads to our third major category, that of material studies. The drain on our own natural resources has been extremely large. Unfortunately, any future war will bring many potential shortages. In each study of more than 200 years, the object is an inventory of the potential supply, a comparison of that industry with estimated requirements, both military and civilian and the means to overcome any foreseeable shortages. The proven reserves of such materials must be known. Any natural resources must be estimated in our country, in the Western Hemisphere and the rest of the World. We must have the best knowledge available about the trends and discoveries of available material and development of synthetic oil is one of the most important, one of the most timely, one that has attracted the greatest interest in the world. It is our hope to make an oil study in the Resources Board. We hope to have some of your good members here with us in an advisory capacity. We hope to be able to bring together in that Board all of the information from the various departments and agencies of the government, from the military services, as to their requirements, potential and possible requirements, their changes of their new weapons, and so forth, and a study of the world situation particularly, with the implications connected with it from a military and

defense standpoint, and a very serious and earnest study of synthetic possibilities or the secondary recovery of oil from coal and shale, and so forth.

We are very much interested in that. We hope we can get out something constructive. It is, of course, a matter of very, very great interest to the Department of the Interior because if we make such a study, it is adopted by the President, it will be up to them, by the way, to implement it.

The organizational phase of the work of the National Security Resources Board embraces the development of comprehensive plans to cover the administrative machinery. This will include the policies system, such as CMP and other devices which will be necessary in event of war to channel production of our civilian economy into the maximum extent. These plans will cover practically all of the entire field of policies of World War II. Control of production, of course, is a matter that every one is conscious of. We have the obligation by law to go into that problem. I think it is needless for me to say to you gentlemen here today, if we were subjected to a devastating type of attack with certain of our industries concentrated as they are in this country, it would be a blow it would be hard for this country to rally from in order to make the kind of a counter-attack and ultimately win the war.

As difficult as it seems, and as undesirable a job for anybody to engage in, it is going to be done in some way or another. The study has to be made, and I hope on a very high level of the

business world. In other words, I hope we will be able to bring in a man to make such a study, to hold hearings to develop the facts that are necessary to guide the government towards whatever course it should follow.

I am sure you realize the job I have outlined is a tremendous one. We need help from many sources, a staff of highly competent career men; advisory groups outside the government are being carefully put together in order to give us the benefit of their expert thinking, in each field of our work.

In addition, we are directed to request such studies and surveys we may need from the various departments of government and outside the government. It is our expectation to use research organizations, universities, engineering firms, whatever may be necessary to integrate the information on these various subjects in one spot within the government. Remember the Board is still new. It has been in existence only since the middle of last November. At this time I cannot label for you a detailed blue print of the civilian mobilization planning, in the event of war. I can assure you progress is being made. The Board must act on the assumption that our nation must be in a constant state of preparedness. Only if we are prepared for the worst, can we hope for the best.

The Chairman: Thank you, Mr. Hill, for your statement outlining the organization which you have undertaken. While

he is here with us, I am certain that he will be pleased to answer any questions from any member of the Council that might be proper or reasonable in the light of the discussion he has presented.

Are there any questions that you would like to propound to Mr. Hill at this time?

(No response.)

The Chairman: You have given us a very wonderful address.

Mr. Hill: Thank you. I want to take this occasion to congratulate you on the many accomplishments you have had.

The Chairman: Before proceeding to the next matter which will be the report of Dr. Wilson's Committee on the Voluntary Allocations Agreements, I know we will all be interested in having some word from Mr. Ball and any comments he cares to make as to the progress of the Council or any criticisms he has to make about it. We have had a close relationship with him. It has been a great pleasure to cooperate with him as we have done, and Mr. Ball, we will be delighted to hear from you. We are appreciative of the great service you have rendered to your government and this industry in keeping this team work going so splendidly. We will be delighted to have a word from you.

Mr. Majewski: Before you hear from the good Doctor, do we get a chance to talk with Mr. Krug? The reason I ask that

is that Mr. Krug has been reported in the press to kind of fouled up his arrangement as far as I understand it with this Council by not consulting it before he expressed himself, you know.

The Chairman: We discussed that before we recessed.

Mr. Majewski: I wasn't here. I always miss those good things, you see. It was intimated he might be here?

The Chairman: Yes, at four-fifteen this afternoon.

Mr. Majewski: That is good. I am anxious to talk with him.

The Chairman: Mr. Ball.

Mr. Ball: Mr. Chairman, I want to say further with respect to the matter of the Secretary's being here, the last word we have is that he is sitting in a snow storm at the airport in New York trying to get away and get down here.

Mr. Mahewski: Did you do that on purpose?

Mr. Ball: Listen, when I have it snow in New York, I have it snow. It caught me up there with my car; two weeks later I got away from there.

The impact of that is likely to fall more on the House Foreign Relations Committee on which he is to appear at two-thirty than on us. The Under-Secretary is over there hoping that they will let him pinch-hit for the Secretary, that he can get the Secretary's appearance through over there so the Secretary can still come here. So every effort will be made by the Secretary before this meeting closes.

Last year at this corresponding meeting, I made some remarks to you, having very recently become director of the Oil and Gas Division; this being the annual meeting of the Association, it seems to me appropriate that I should give you some accounting because I feel we in the government are accountable to you, as you and the Council are accountable in some sense to us. While I don't intend to make any long speech, I would like to make a few purely informal remarks which is the only way I have ever talked to you, about the year as it looked to me then and as it looks now, and particularly the functions of the Oil and Gas Division.

At that time I gave you my vision, as I then saw it just coming in new, of the work of the Oil and Gas Division and what it should be. And, briefly, I said that I thought the Oil and Gas Division was and should always be a small organization, strictly advisory in its functions, without mandatory authorities over any one in the government or over any one in the industry; that it should not be a great central government organization to exercise all of the government's functions with respect to oil and gas, but should be what the President's letter called for, namely, a staff organization and strictly a staff organization to correlate so far as possible the multitudinous oil and gas activities of the government and to unify in a purely advisory capacity the administrative policies of the government with respect to oil and gas.

That has been our program. Leaving aside our one operating

function, which is the administration of the Connally Oil Act, which is entirely separate and distinct from our other activities, The Oil and Gas Division's functions have been and will continue to be--unless there is some legislation that compels some change--strictly advisory in character.

The result of that has been a constantly increasing activity and sphere of activity as the other agencies of the government have learned two things: One, that they come to us and find perhaps some specialized knowledge of the oil and gas business which will be valuable to them in an advisory capacity, and second, that they come to us with perfect freedom with any oil and gas problem they may have, with no fear whatever that we have any desire for either their functions or their authority. In consequence of that, the increasing burden of our work ~~is work that~~ comes to us from other government agencies who call upon us, usually just a telephone call saying we have this or that problem, can you advise us on it; can you help us out on it; is this something we should consider before the Inter-Departmental Petroleum Committee; what help can you give us on it; what information can you give us on it.

As some of you have heard before, there are 39 different government bureaus and independent agencies which have something to do with oil and gas. And I haven't made any report

of how many of that thirty-nine called on us in one way or another, with how many of that thirty-nine we have worked in one way or another. It is a pretty large proportion because we have calls from agencies with which we have not previously dealt every little while and ask us for help. We are trying to cover that whole sphere of activity. We have been trying to cover that whole sphere of activity with a staff of five technical people. When I told you that I thought we should be small, I really didn't mean we should be as small as that, because we are trying to improvise too much as I have told you before. We haven't the time to give the thorough study to the problems that come to us that we should have, and some things we have to pass up and simply say we are sorry, we just can't go to work on that because there aren't enough of us to go around.

I would like at this moment to introduce to you who are new in the Council, this small and very competent staff of which I am very proud. I would like to introduce first, Mr. Robert E. Freidman, assistant director and general counsel.

(Mr. Freidman stands. Applause.)

Mr. Ball: I am sorry I can't introduce to you Mr. Edward B. Swanson, who is also assistant director, because he is at home sick. In other words, as I said at a meeting over at the Department of Commerce a couple of days ago, 25 per cent of my technical staff is sick; to-wit, Ed Swanson. We are so small when one man is out for a week, it hurts terribly.

I am sorry I cannot also introduce to you Mr. Carroll D. Fentress, assistant to the director, who is our refining man because Mr. Fentress is over on the Hill at this hearing of the House Foreign Affairs Committee, backstopping for Oscar Chapman. The fourth member of my small technical staff is the newest member. I don't know to how many of you he is known. He was for 19 years an oil geologist. Then he descended into the trade press and was with the Oil WEEKly for two or three years, then he was with the Geological Survey for two or three years, Mr. John L. Carroll, special assistant to the Director.

(Mr. Carroll stands. Applause.)

Mr. Ball: As to the continuation of that, looking ahead a bit, in the appropriations bill now before Congress for next year's appropriations, we have asked for enough money to double that staff. By the way, before I quit, we have an addition to this technical staff, a very able administrative officer, Mr. E.J. Skidmore. I don't know whether he is here or not. Mr. Skidmore.

(Mr. Skidmore stands. Applause.)

Mr. Ball: We have asked for enough money to double that technical staff and provide us with a little more adequate clerical staff so the letters we get from you from the public and from Congress won't be more than a week getting out after they have been dictated, so we can keep up with our compilations and other things.

Specifically, we are operating this year on a budget of

\$100,000; leaving aside our Connally Act activities, we are operating on a budget of \$100,000. For next year we have asked for an appropriation of \$225,000 for those activities. That still will mean that the Oil and Gas Division is a small Division, as I think it should be. We have asked for a supplemental appropriation for this year because I think I don't have to tell you that the Marshall Plan and the proposals under the Taft Anti-inflation Act and various things coming up recently have added greatly to our burden and thrown us further behind. We have asked for a supplemental appropriation for the balance of this year of \$65,000 between now and the first of July, which again is not a large sum. That has been cheerfully approved by the budget bureau, as has our request for \$225,000 for next year. The only additional funds about which there has been any discussion, and I think perhaps a number of you have seen in the Trade Press some fairly large figures that make some of you think that we were setting out with the ambition to be another PAW and have a great organization.

The Department has asked for a considerable additional sum for coal and oil statistical work, for the Bureau of Mines, a thing that would be of great importance not only to the Oil and Gas Division, but to both the coal and oil industries. I have forgotten just what that figure runs to, but it is half a million dollars or more.

And then we have been asked to submit some estimates as to how much additional staff and how much additional money

it would take if there should be thrown on us any considerable burden of work under the Marshall Plan, and what staff we would have to have and how much money we would have to have if government controls were instituted--if government controls should be instituted. All that means, Jake, is that the Budget Bureau has to look ahead.

Mr. Jacobsen: I wish we wouldn't look that far.

Mr. Ball: Since there have been bills introduced providing for government controls under the President's program, it is only natural that somebody should be asked how much it would take to administer those controls. My own thought is the amount of money we thought it would take to do that kind of administration, which would mean the setting up of a new OPA, ^{or} and what have you, would be big enough to scare any Committee of Congress that is economy-minded.

Those are purely contingent, and I don't think are to be taken seriously at this date. So far as any work contemplated at the present time or covered by present Acts of Congress, our whole appropriation as requested for next year is \$225,000.

The year's work has been the most interesting that I have ever been engaged in. There has never been a dull moment in the Oil and Gas Division. There is scarcely a moment to know how interesting it is, because there is just one telephone call and special appearance on the Hill from morning to night, all day and every day. But a number of things have gone to

Make the year both interesting and extremely pleasant. One of them has been the association with the Chairman of the National Petroleum Council. I am delighted that you have re-elected him. There couldn't be a finer man with whom to work in cooperation than Walter Hallanan (applause). He is constructive, statesmanlike, cooperative, wise and generous in his views.

start I want to say, also, that I am very glad that you have re-elected as Chairman of the Agenda Committee, George Hill (applause). We have had a considerable number of differences of opinion during the year as to what was and was not wise and proper for the Council to do. But George is a man with whom you can argue your differences, whose opinion you always have to respect and who is big enough to respect opinions that differ from his and although there have been differences of opinion that have led to some lively arguments, there has never been any difference of opinion that we have not been able to compose with complete, mutual respect and understanding and I look forward so long as I am in this job to continue work with him as Chairman of the Agenda Committee.

My work doesn't bring me so closely in touch with the Chairman of our other committees, but he is always there. I am happy he has been re-elected, also. That is all I have to say on that.

I am going to combine two talks into one. I try to make it a point not to talk more than I have to at these meetings.

I feel they are your meetings, not ours. It is not the business of the Director of the Oil and Gas Division to talk to you except as you may seek his advice about things, as I see it.

Your next item of business is going to be the report of the Voluntary Allocations Agreements Committee. I would like to talk about that and give a little background on it, because I find there is considerable misapprehension and misunderstanding as to this matter of voluntary programs. As a background of the report you are going to receive from your Committee, I would like to take a little time and discuss that with you.

In the first place, these voluntary programs are not a move toward the establishment of government control over industry. On the contrary, the purpose is to make government control unnecessary. To appreciate that, you have only to review the legislative history of the matter. On November 17, I think it was, at the opening of the Special Session, the President delivered a message to Congress in which he called for the authority to reinstitute government controls in certain fields on a selective basis, and legislation to implement that speech has since been introduced in the form of two or three bills. The granting of those controls has been advocated by the Administration. The majority of Congress decided--and I want to make it perfectly clear I am not arguing the merits of this, either for or against, the majority of Congress took a different course and in lieu of authorizing the institution

of government controls, it passed the Taft Joint Resolution in the closing minutes of the Special Session, now known as Public Law 395, and because I think that you are not entirely familiar with it, all of you, I would like to take the time to read the pertinent parts of this. It is not long enough to wear you out.

"Section 1. The purposes of this joint resolution are to aid in stabilizing the economy of the United States, to aid in curbing inflationary tendencies, to promote the orderly and equitable distribution of goods and facilities, and to aid in preventing maldistribution of goods and facilities which basically affect the cost of living or industrial production.

"Voluntary Agreements.

"Section 2. (a) In order to carry out the purposes declared in section 1 of this joint resolution, the President is authorized to consult with representatives of industry, business, and agriculture with a view to encouraging the making, by persons engaged in industry, business, and agriculture, of voluntary agreements approved by the President--

"(1) providing for allocation of transportation facilities and equipment;

"(2) providing for priority allocation and inventory control of scarce commodities which basically affect the cost of living or industrial production; or

(3) providing for regulation of speculative trading on

commodity exchanges.

"(B) The President is authorized to approve any such agreement which he finds will carry out any of the purposes declared in section 1 of this joint resolution, except that he shall not approve any agreement unless such agreement specifically provides that it shall cease to be effective on or before March 1, 1949, and he shall not approve any agreement which provides for the fixing of prices.

(c) Whenever a governmental officer or agency determines that a plan of voluntary action with respect to any material, commodity, or facility is practicable and is appropriate to the successful carrying out of the policies set forth in said Act, that agency or official may request in writing compliance by one or more persons with such plan of voluntary action as may be approved by the Attorney General. Any act or omission by such person or persons in compliance with a written request made pursuant to this section and with a voluntary plan promulgated thereunder shall not be the basis at any time for any prosecution or any civil action or any proceeding under the anti-trust laws of the United States or the Federal Trade Commission Act."

Then it provides for the withdrawal and cancellation of agreements and for the Attorney General to transmit copies of any agreements entered into to the Congress, and for the

termination at the expiration of the Act.

"Delegation of Authority.

"Section 5. The authority granted to the President by section 2 of this joint resolution and, notwithstanding the provisions of section 6 of the Second Decontrol Act of 1947, the authority granted to the President by Section 4 of this joint resolution and by section 6 of the Act of July 2, 1940(54 Stat.714), as amended, may, to the extent the President directs, be exercised by any department, agency, or officer in the executive branch of the government."

Under that Act, which, as you see, provides for a purely voluntary agreement by industry, the President issued Executive Order No. 9919, and in that he delegates his authority with respect to these voluntary agreements--to the Secretary of the Interior as to fuel, to the Secretary of Agriculture as to agriculture, and to the Director of the Office of Defense Transportation as to transportation, and as to all remaining matters, to the Secretary of Commerce.

You will notice that that residual to the Secretary of Commerce includes all matters of equipment. "Provided, however, that no such agreement or plan shall be approved by any of such officers unless it is first submitted to and approved by the Attorney General. "

It then refers back to the consultation with industry

which the President is authorized to carry on.

"The consultation above referred to may be through advisory committees approved by the appropriate governmental officer or agency as representative of the various segments of the industry involved. Prior to submitting any such proposed agreement or plan to the Attorney General, the appropriate governmental officer or agency shall give industry, labor, and the public generally an opportunity to present their views with respect to the agreement or plan. The submission of the proposed agreement or plan to the Attorney General shall be accompanied by the favorable recommendation of the head of the appropriate department or agency and by a statement of (a) the circumstances which require the proposed agreement or plan, (b) the means by which the agreement or plan will be carried out, (c) the effect of the agreement or plan on persons and industries affected, including where appropriate the proposed degree of curtailment in amount and prospective use of any material, commodity, or product by any processor or user thereof, and the formulae for such curtailment, (d) the criteria used in the establishment of such formulae, and (e) the factual evidence on which the recommendation for approval is made, showing which information, if any, is subject to restrictions for reasons of military security.

"2(a). The authority delegated to the Secretary of the Interior by paragraph 1 hereof shall be exercised by him with respect to priority, allocation, and inventory control of fuels.

"(b). For the purposes of this order the term 'fuels' means coal, coke, petroleum and petroleum products, and natural and manufactured gas."

That, obviously, is an opportunity. It is an opportunity for the petroleum industry to move in and do by voluntary action whatever there is that can be done. What can be done, and what can be accomplished, I don't pretend to say, but there is an opportunity for the industry to do and do in concert, subject to the approval of the Attorney General, whatever may be done to improve this critical oil situation.

Under the Act, in order to give the industry that opportunity, it was necessary that there be some call on the industry to set up such a program. Someone said yesterday in a meeting of the committee, this was being done because the government asked. Gentlemen, that certainly is putting the thing the wrong end to. This is a situation in which the industry is given an opportunity and the request from the government is to give it that opportunity. So without waiting for this Act to be signed, so there should be no time lost, as soon as it was passed, I send a formal request to your chairman for the committee to be created to formulate a voluntary plan or program

or, I should say, plans or programs; as soon as the Act was signed and the executive order came out that was formalized in a request from the Secretary of the Interior.

This is not something that is being wished on you by the government. This is an opportunity provided for you by the Congress to do voluntarily whatever you think can be done, with such protection against antitrust prosecution as your program provides and the Attorney General approves.

Now we are not the only one--naturally, this is not the only industry which is considering programs, but this is the only industry so far as I know which has been asked to formulate its own program. The industries which fall under the other departments, as near as I have been able to learn, are having programs submitted to them by the ^{respective} agencies for their approval, and some of the departments of the government think that is the proper procedure, that the government should draw a plan and submit it to the industry. Our feeling--the Secretary's and mine--has been that the industry should originate the plan and submit it for approval and therefore that procedure has been followed.

The industry committees that are being set up by other departments in the main so far as I can learn, have government chairmen. You have been asked to submit a program by your own organization with your own chairman, with your own committee created by your Council and with its own Chairman. I think that is the way to get a voluntary industry agreement, to have it the industry's agreement from start to finish.

Your committee--let me say this in advance, before the committee's report is read--your committee has come up with a voluntary program, which the more I read it, the more merit I see in it and the more merit I see in it. A voluntary program which covers all of the essentials of the thing that I can think of is contained in it, and which provides at least the minimum of machinery by which it can be carried out.

I think that is all I should say at this juncture, but I did want to give you that background against which you work when you are considering the report of your committee.

The Chairman: Thank you, Mr. Ball.

I think in order that our record may be complete and that we may approach the presentation of this report with a full understanding of the sequence of events, I want to read a letter which I received from the Secretary of the Interior under date of January 7, ~~1948~~ 1948.

"Dear Mr. Hallanan:

"By executive order January 3, 1948, the President delegated to me the authority with respect to petroleum, including the production of natural gas, vested in him by Public Law 395 of the 80th Congress and to the Office of Defense Transportation, the authority vested with respect to the allocation of transportation facilities and equipment.

"As you know, the purposes of this law as submitted

therein are to aid in stabilizing the economy of the United States, to aid in curbing inflationary tendencies, to promote the orderly and equitable distribution of goods and facilities, and to aid in preventing maldistribution of goods and facilities which basically affect the cost of living or industrial production.

"In order to carry out the purposes of the law with respect to petroleum, the appropriate agencies of the government are authorized to consult with representatives of industry and business with a view to encouraging the making by persons engaged in industry and business of voluntary agreements. First, providing for allocation of transportation facilities and equipment, and two, providing for priority allocation and inventory control of scarce commodities which basically affect the cost of living or industrial production.

"That there is need for action in respect to the orderly and equitable distribution of petroleum and its products and to prevent maldistribution is commonly recognized, viz, the findings of the Senate Small Business Committee, Oil Subcommittee, and the House Committee on Interstate and Foreign Commerce, among others. I am advised by the ODT that a similar need exists with respect to the allocation of transportation facilities and equipment, and I have been asked by that agency to

request on its behalf the advice of the National Petroleum Council on this matter. Therefore, this will confirm my request that the National Petroleum Council establish a committee to consider and report together with such recommendations as it deems appropriate as to actions including but not limited to plans and voluntary agreements that can be taken by industry and/or government under Public Law 395, with respect to petroleum, including petroleum products and natural gas, and petroleum transportation facilities and equipment to carry out the purposes of said law.

"I further request that the Council's recommendations and report describe the need for such agreements or plans as may be recommended, the methods and means by which they may best be carried out, and the results that may be expected therefrom. Because of the current and prospective seriousness of the petroleum situation, the Department of Interior and the Office of Defense Transportation would like the Council's recommendation and advice at the earliest possible moment.

"Sincerely,

"J.A. Krug, Secretary of the Interior."

Upon receipt of that communication, I transmitted it for consideration to the Chairman of the Agenda Committee, and after consideration and study, Mr. Hill, Chairman of the

Agenda Committee, submitted a report to the Council, and, through me, in which the concluding paragraph says:

"The Committee recommends to the National Petroleum Council the appointment of a Council Committee in accordance with the request of the Director of the Oil and Gas Division, to submit its advice and recommendations to the National Petroleum Council, such appointments to be contingent upon the signing by the President of the Joint Resolution and the delegation by the President of authority to the Department of the Interior or to the Oil and Gas Division under the provisions of the Joint Resolution."

With the clearance from the Agenda Committee, we proceeded to the appointment of a committee for consideration of this special subject, a committee of twenty-four, of which Dr. Robert E. Wilson was designated as Chairman, and Dr. Wilson, we are now ready for the presentation of your report.

REPORT OF THE COMMITTEE ON VOLUNTARY
PETROLEUM ALLOTMENT AGREEMENTS,
Dr. Robert E. Wilson, Chairman

Dr. Wilson: Mr. Chairman, I think this assignment at least appears to be the most difficult I have ever undertaken. I was very loathe to undertake it. Mr. Ball has said unless this had a lot of meat in it, we were going to get something a great deal worse in his opinion. That view seems to be shared by most others in close touch with the governmental situation and is exemplified by the fact there are twelve

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Congressional committees that have had hearings or are going to have hearings shortly on matters related to oil. It is a very live, hot political subject.

Secondly, there was no pattern whatever. We had never had an agreement of this kind in our industry. No agreement has been made. We don't know what the Attorney General's ideas are.

Third, we know we have an industry with very widely varying ideas on most subjects. In fact, on practically everything except government control, I think we vary on. In spite of that, and by individual group discussions in varying parts of the country, then coming together in the three-hour meeting yesterday, I am happy to report we have unanimous agreement of your committee on a program.

This program, as I say at the outset, doesn't contain all of the things I think we might well do to bring it about to relieve the situation or improve conditions. It doesn't contain all of the things many of you would like to see in here. I believe it does contain about the maximum on which the industry can agree. I think to get a substantial program with any prospect of giving real relief, providing we give it adequate cooperation, is far better than having something which is more drastic which would get by with a narrow majority vote of some of the Council. That isn't the way to get a voluntary agreement to work.

I am sorry the report is so long. I think it is important that you hear it all.

The individual members of the National Petroleum Council Committee, appointed by Mr. Walter S. Hallanan on January 9 have given much individual as well as collective thought to the assignment placed before the Committee as outlined in Mr. J. A. Krug's letter of January 7. That communication requested the Committee to consider and report such recommendations as it deems appropriate as to actions including but not limited to plans and voluntary agreements that can be made by industry and/or government under Public Law 395 with respect to petroleum including petroleum products and natural gas and petroleum transportation facilities and equipment, to carry out the purposes of said law.

After individual and group consideration, the Committee met January 21 and reviewed the problem. A statement of the findings and recommendations of the Committee follows. I might say unanimous findings and recommendations.

The first responsibility of the Committee is to summarize the nature of the current supply situation, particularly with respect to middle distillates, including kerosene, diesel fuel and distillate fuels Nos. 1 through 4, and to designate the nature and location of problems now confronting the industry.

The current problems before the oil industry stem from the rapid growth in the demand for all petroleum products and in particular for middle distillates. An analysis of the problem

of supply or distribution of petroleum products, therefore, must consider the patterns of demand growth for the several products in the different geographical areas of the country. It is believed that the clearest explanation for the extraordinary demands can be seen from the following comparison of the increases in the numbers of petroleum consumption units. You will see passenger cars, trucks and busses, tractors. You will see the percentage of increase, 1941 to 1946 not very large in the first three categories, but the percentage of 1947 over 1941 ranging as high as 59 percent in tractors. Then you have the space heaters, with a stupendous increase of 12.5 percent since 1947, and 40 percent in 1947 over 1946. That really hit us between the eyes. Then, oil burners, 19.7 percent 1947 over 1946; 41 percent as against 1941. Diesel locomotives-units, 26 percent over 1946 and 411 percent over 1941.

The first three types of consumption units represent a major portion of the gasoline market. The second three classifications of consumption units constitute the major portion of the middle distillate market. It is readily apparent why there is a winter problem in the oil industry in some parts of the country.

To meet the requirements of the market, the various units of the industry have competed vigorously, each trying to bring greater quantities of finished products to the consumer. Such

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Such competitive urge we believe to be largely responsible for the remarkable expansion efforts revealed by the following table. Few major industries have been able to approach the substantial gains shown over 1941. And there we see the production of 1947 compared with 1946, and 1947 compared with 1941. You will see there has been a 20 per cent in distillates, 31 percent in residual fuel, and 30 per cent crude runs to stills.

We must never let the public forget that in any discussion of the problem we must continue to bring that out. We are not really suffering from a shortage, we are simply suffering from an unusual jump in demand.

Comparing the two tables, the expansion of crude runs in 1946 over 1941 was adequate to maintain a relatively easy supply situation throughout that year. The distillate-consuming units continued their rapid expansion during 1947. The expansion of the oil industry accomplished during the year was more than adequate to meet the growth of the market on all products except distillates. However, the phenomenal growth of demand for these products, made worse by the fact that it is largely concentrated in the five winter months, forced a diversion of refinery output from gasoline and other products and was the underlying cause of tight supply conditions for all major products which developed during 1947.

We would have no difficulty as to the gasoline, it is

with the middle distillates, to meet that demand.

The unusual expansion in distillate demand has taken place largely in the belt of cold states extending from the Rocky Mountains east to the Atlantic Ocean. Crude production in this section is relatively low and has actually declined since 1941. Refineries located therein have had to depend to an increasing extent upon crude oil transported from remote producing areas. As the output of the refineries located in this cold belt is not adequate to meet total requirements, it also became necessary to transport finished products from remote refinery centers to help serve this need. With the shortage of construction materials, it has been impossible to build the necessary additional transportation, refining and distributing facilities as rapidly as the market expanded. Throughout most of the year badly needed tankers owned by the government lay idle while legislative difficulties and other factors delayed putting them into service. However, the oil industry, through the adoption of many unusual expedients, has made and is making substantial strides toward meeting full requirements, but this objective has obviously not yet been accomplished.

Today's problems are most acute in that section of the country north of the Missouri and Ohio Rivers and in the Atlantic States. Even within this tight supply belt, there are many local areas where supply problems are not encountered.

In other areas the intensity of the problem varies considerably. The Middle West, which first recognized the problem, is closer to solving it than the East, where tanker shortages and a severe winter have accentuated it. The rate of growth of demand has not been constant in the various communities while facilities to serve the markets are much more adequate in some areas than in others.

Corrective measures must recognize the different nature of the problems in different areas. Additional tankers will be needed to partially close the gap between supply and demand in some localities. In others, shippers via pipe lines will have to give preference to distillate movement while still other communities will require additional tank cars, barges, or truck transports. The multitudinous problems cannot be solved on a national scale or by a national committee, except as it lays down general principles. It must ever be borne in mind that no action that this Committee, or any other agency, can propose will increase the over-all supply of petroleum in a sufficiently short time period to eliminate the existence of the many local problems. These problems must be attacked promptly, area by area, on a decentralized basis. That is the crux of our recommendation, really.

The Committee feels strongly that care must be exercised that any steps taken be designed in such a manner as to preserve the incentives and initiative of all suppliers. The

thousands of individual units of the industry, stimulated by these incentives, have adopted many unique but successful practices that have resulted in substantially increasing supplies available. The industry is bringing to the market the greatest quantity of petroleum products in its history and cost factors have been largely disregarded. The conditions which have made possible the accomplishments to date must be preserved so far as possible, even though temporary emergency measures will be necessary in many local areas.

Recommendations -- The Committee has considered all possible courses of action which in its judgment should tend to:

- a. Increase supplies of middle distillates
- b. Insure equitable distribution of supplies, and
- c. Temporarily reduce the demand

Attaining all three of these objectives is essential to reducing consumer hardships; therefore, Committee has attempted to make definite assignment of responsibility for each of the following suggested courses of action.

Steps to Increase Supply:

1. The State regulatory commissions should be urged to establish allowable crude oil production equal to maximum efficient rates in each state east of the Rocky Mountains. If there be additional producible crude oil under M.E.R. and the bottleneck is transportation or loading facilities, the industry should adopt every expedient to make such facilities

promptly available.

2. Refineries operating east of the Rocky Mountains should maximize crude runs during the next 60 days to the extent crude oil can be made available even though such action may reduce substantially crude oil inventories. The recent high level of refinery operations should be maintained during the next 60 days if at all possible.

3. Refineries operating east of the Rocky Mountains should review refinery yields and further adjust upward the yield of distillates at the expense of gasoline during the next 60 days. The Committee recognizes that this action will largely shift the supply problem from middle distillates to gasoline, but believes that it is in public interest to exert still greater effort toward meeting home heating requirements rather than meeting gasoline requirements.

4. The above three recommendations concerning supply are of a short range nature. The oil industry appreciates the necessity of continuing extraordinary efforts to meet the growth of demand anticipated during the years to come. The petroleum industry has never had to be urged to expand to meet prospective demand -- all it has ever asked were the necessary materials. It is recommended therefore that the National Petroleum Council appoint a standing committee of oil men to work with Department of Commerce and the steel industry to insure that the various branches of the oil

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industry receive allotments of steel which are commensurate with their responsibilities of developing and transporting their products in keeping with present and future requirements. Such allotments are essential if the oil industry is to drill and develop additional sources of crude oil, build adequate pipe lines, tank cars, barges and other transportation facilities, refining capacity, and distribute sufficient petroleum products to meet the continuing expansion of the market. Adequate petroleum supplies are an essential element to the operation and growth of all industries. Unless the oil industry obtains an increased share of steel and other essential materials, the development of the nation's entire economy will be retarded.

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5. All Petroleum importers should continue to exert maximum effort to import crude oil and petroleum products to the extent necessary to supplement domestic supplies.

Insuring Equitable Distribution of Supplies

6. The problem of tanker capacity to transport needed supplies to the East Coast has constituted a major issue during recent months before numerous industry and Congressional committees. This Committee can recommend nothing beyond steps previously outlined. We believe the seriousness of the problem is recognized and urge the greatest possible speed on the part of industry and government to increase the availability of tankers.

7. Many oil companies have already taken emergency steps to substitute tank trucks for tank cars, freeing tank cars for long hauls. This practice must be continued and extended wherever possible. To prevent equipment tie-up over weekends and holidays, oil companies should adopt seven-day week loading and unloading schedules for the next 60 days.

8. Many exchanges and short term loans of products between individual companies have been worked out in recent months in an effort to save transportation. These should be continued and further extended by individual efforts.

9. It is believed that practically all petroleum supplying companies have individually adopted a policy of distributing equitably among the various categories of customers and channels

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of distribution, all available supplies of fuel oils. This has been particularly urged by the recent report of the Senate Small Business Committee. If there remain any suppliers or distributors at any level who have not adopted such a policy, they are urged to do so at once.

10. The handling of hardship cases induced by the short supply situation should be treated at the local level by those who understand it best. Accordingly it is recommended that all action to alleviate hardship cases be handled by State and community committees.

11. Consumption of middle distillates must be reduced. The individual consumer must bring this about. All consumers should practice oil conservation. A complete pattern of suitable measures has been offered to the domestic consumer by the oil industry. Certainly the most prominent means of accomplishing this objective is carrying lower temperatures in all buildings where oil is used for radiation purposes. Comparable steps must be introduced by commercial and industrial users and by military and other governmental agencies. The oil industry and each individual company of the industry must give wide publicity to the necessity of the consumer reducing his needs. It is believed that the tank wagon driver affords a most effective means of disseminating this message. The tank wagon drivers as well as other representatives of the industry who contact the public should be schooled in this need. That was referred

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to this morning.

12. All consumers both domestic and industrial who have alternate or standby heating equipment which could use other fuels should be urged to utilize such facilities.

13. The rate of growth of demand for middle distillates must be checked. Since there is an over-all short supply of middle distillates, placing additional demands against the industry cannot but aggravate an already acute situation.

14. The next 60 days must be characterized as a period of inventory reduction of middle distillates among all consumers. The home owner should not request that delivery be made as long as his supply of fuel oil on hand is in excess of two weeks' requirements. The large consumer, buying in tank car quantities, should observe the same inventory limitation. The governmental agencies including the military, should limit inventories and to the extent possible serve current needs by inventory depletion. In local communities where supply is not adequate to meet total requirements, it is recommended that quantities delivered be limited as may be necessary to spread available quantities as equitably as possible among all users. In some areas limiting deliveries to 30 days' requirements may be adequate, while in others it may be necessary to restrict delivery to time periods of substantially shorter duration. This will necessitate the temporary abandonment of the keep-filled system of delivery now practiced by many distributors in

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substantial parts of the market.

Many states in the trouble zone have established state coordinators or committees to deal with current problems of distribution of burning oils. In some, such organization is established as a state agency and in others it is entirely a citizens' committee. Parallel structures are to be found in many local communities within the states. All members of the industry should instruct their representatives to cooperate with these agencies at the local level in their efforts to relieve legitimate hardship cases as quickly as possible. The oil companies distributing in each such local area must recognize the necessity of sharing the responsibility of meeting emergency deliveries. Such committees should insure that wherever possible, emergency cases be supplied a quantity of oil adequate for a maximum of two weeks' consumption, contingent upon the customer's inability to secure supplies from his regular source, contingent upon his inability to substitute alternate fuels, and contingent upon his ability receive, store, and pay for such merchandise.

16. It is the Committee's understanding that exports of petroleum products have been again placed on the restricted list. Export licenses are now subject to review and approval by the Department of Commerce. It is believed that this system should be continued and that exports be limited to the extent possible consistent with over-all necessities of our international

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relationships.

17. The above series of recommendations for meeting the current heavy demand for middle distillates are recognized by this Committee as creating future shortages of gasoline. It is believed essential, therefore, that the gasoline consumer, as well as the fuel oil consumer, be urged to adopt conservation measures. Wide publicity should be given by the oil companies to gasoline consumers requesting them to curtail their requirements until the over-all shortage of petroleum products is eliminated. Specifically, a great deal can be done by formation of driving clubs, cutting down on unnecessary driving, reducing speed, and keeping the consumption unit adjusted for efficient utilization of fuel.

18. Either the Secretary of the Interior or the Chairman of the National Petroleum Council with the approval of the Secretary, may appoint special committees from the industry as needed to advise local, state or Federal authorities or the industry with regard to the application of the principles set forth herein. Units and individuals of the industry should be authorized to serve on such committees or on committees appointed by local or state authorities and should be authorized to take concerted action as may be deemed necessary to carry out the recommendations contained in this report. For the present the Chairman of the Council with the approval of the Secretary is requested to appoint regional advisory committees in PAN

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districts I, II and III.

19. While most of the recommendations outlined above can be adopted by individual companies without the necessity of industry-wide agreements, the recommended program will be adopted more expeditiously and more completely, if all companies are certain that the concerted activities here recommended will not be held to violate the Federal anti-trust laws. The Committee accordingly recommends that its plan be submitted by the Secretary of the Interior to the Attorney General of the United States pursuant to Public Law No. 395 and Executive Order No. 9919, and that the Attorney General's approval be issued in such manner that various features of the plan can be adopted in particular communities where the need for its use may arise without re-submission of the program for that particular community to the Attorney General for approval. The Committee further recommends that in the event above recommendations are approved by the Attorney General, the Secretary of the Interior in issuing his written request to individual members of the industry for compliance with such plan, frame his request in such manner that the plan may be placed in effect immediately and everywhere needed. This procedure will avoid delays incident to securing clearance from the Secretary of individual requests in respect to each individual transaction and will facilitate prompt action in providing quick relief in this emergency.

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20. It is recommended that within the next 90 days this Committee review the accomplishments of the above program so that out of the actual experience during this period similar methods can be devised to handle the gasoline situation this summer, and heating oil problems next winter.

If the above recommendations are approved by the National Petroleum Council, it is recommended that the plan be submitted immediately to the Secretary of Interior for review and for clearance with ODT and the Department of Justice. Simultaneously, it should be given wide publicity. The national press services, magazines, and radio chains can render an unusual service to the public through publicizing the plan.

Respectfully submitted,

Robert E. Wilson, Chairman

H. T. Ashton

Jacob Blaustein

Russell B. Brown

H. S. M. Burns

Fayette B. Dow

John Dressler

R. G. Follis

B. C. Graves

B. I. Graves

J. Parks Gwaltney

Geo. A. Hill, Jr.

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Walter Hochuli

W. T. Holliday

Eugene Holman

W. Alton Jones

B. L. Majewski

J. Howard Marshall

Clyde G. Morrill

I. A. O'Shaughnessy

Sidney A. Swensrud

L. S. Wescoat

H. C. Wiess

Russel S. Williams

Mr. Hill: I am a member of Dr. Wilson's committee. I contributed nothing to the composition of the text of the report.

It is my own judgment, after listening with care to the many magnificent reports of the industry committees throughout the history of the Petroleum Industry War Council and the National Petroleum Council, that this report represents the finest expression of the mobilization of the brains, the experience, and the capacity of the oil industry membership in disinterested public service.

This program has been approved by 24 representative members of the industry who participated in its preparation and who reached unanimous concurrence in its adoption and recommendation

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to this group. I think that a very prompt and great public service will be rendered, not only to those members of the public who are suffering present deprivation, but also to the cause of the preservation of free enterprise in this country for our own and other people.

I recommend its adoption, and I would like to second Dr Wilson's motion that it be adopted by the Council.

Mr. Lovejoy: Considering the publicity which this report will receive, which I think is very great, I am wondering if you could change the term "distillate" throughout the report. Looking through the report, in many places you use the word "distillate" for your lighter oils.

When you call up your dealer and want him to put in some fuel oil in your tank, you don't order middle distillate; you order fuel oil. The public knows this product as heating oil or fuel oil. I believe that it might receive a little more public acceptance if you could change that word "distillate" throughout the report to "heating oils."

Dr. Wilson: We must remember that it includes kerosene, as well as heating oils, in the ordinary sense, together with Diesel fuel. I believe that if anyone reads the report, that will be quite clear. I believe that we have to say middle distillates. On page 2 you talk about several different commodities, and a consumer might ask, "What is it that I am using?"

Mr. Majewski: These are the terms that are used by the Bureau of Mines in the API figures, and if you start calling

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them heating oils, you are going to confuse matters.

Now, if John wants to call it in his publicity heating oils, let him do so; but I think that for the purposes of this report we ought to confine ourselves to the language which the industry understands.

Dr. Wilson: We have drafted a press release which summarizes this in about one third of the space. As opposed we try to make our changes in wording in that press release rather than in this report.

You will notice that we have defined "distillates" on the third paragraph of the report.

Mr. Lovejoy: But the public won't read that part of it.

Mr. Majewski: I suggest that we leave the report alone and handle it through the publicity.

Mr. Jones: I don't agree with you, I agree with John. If I were reading this, it wouldn't mean anything to me; and I ought to know something about the oil business. But I am a producer; this would baffle me. I would think that you are making some industrial uses. If you are trying to relieve the fuel situation, you ought to put that into this report. I don't see why you can't set it out each time. It isn't going to confuse the industry.

That is our trouble, that we don't get over to the public the things that are perfectly plain to us, but which are not plain to the public. That is what John is trying to say.

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Dr. Wilson: The press release contains the word "heating oils" after the word "distillates" in the table that you are referring to.

A Contributor: May I suggest that you put an asterisk after the word "distillate" and then re-define the meaning of that term by using the last three lines of paragraph 3.

Dr. Wilson: I would be willing to do that.

Mr. Lovejoy: The word "distillate" is used throughout the text of the report. That takes care of the table. Could you, every time that you use the word "distillate", put in parentheses the words "heating oils?"

Dr. Wilson: I don't think that this report is going to be published as a whole, but I do think that in this release we will do that; and I will be glad to look the release over and see.

A Contributor: We can't change overnight the terminology of the oil industry.

Dr. Wilson: Mr. Hallanan states that it is important to give this out today if we possibly can, because there are a lot of press comments that have been waiting for it. There are others who desire it, and they are anxious to get the release out tonight. I think that we might explain to the newspaper reporters here about that verbally, but I don't think that it is desirable to hold this thing over again because it would leak out in garbled form, if we did. I am sorry that we didn't

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clear that up yesterday. I think that we might very well have done that.

Mr. Majewski: You do find that in the third paragraph on page 1. I mean, you can't miss it.

Dr. Wilson: Of course, when you use the term in your publicity, you can interpret it that way.

Mr. Lovejoy: Will you see that the release carries that explanation?

A Contributor: May I ask, Mr. Chairman, that in your press release you indicate that the industry will have certain steel requirements for its operations?

2 Dr. Wilson: We have a brief summary for you men specifically for drilling wells. That is on page 6, recommendation No. 4, it summarized it as follows: The oil industry should have sufficient steel to enable it to continue its expansion program, otherwise the nation's entire economy will be retarded. That is condensed very much.

Mr. Hill: Anticipating this, some correspondence has been sent to the Chairman of the Council, which has been transmitted to the Agenda Committee, which will later be made a recommendation, which recommends that the Council appoint a steel study committee to effectuate that point.

Mr. Majewski: But you are not limiting it to that, are you?

The Chairman: Gentlemen, I think that we should accept

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this as perhaps the most important matter that the Council has ever been called upon to consider. We are in new fields and in new waters.

We do have with us today some representatives of the Department of Justice. Without attempting to ask them for any commitment or any definite expression, I am wondering if the Acting Assistant Attorney General, Mr. ^{Baecher} Becker, might be disposed to make some comments about the report.

Mr. ^{Baecher} Becker: Thank you, Mr. Chairman.

Mr. Ball, and gentlemen, I don't wish to comment on this particular report itself, except perhaps in the most general way.

I would like to point out some of the considerations with which we are confronted, which are impelled on us, and which we will have to bear in mind in considering plans.

We are, of course, always interested in how a plan is worked out, that is, who the representatives are that have framed it. We are interested in small business in that connection.

We hope that plans represent the views of that class of people, and that advisory committees will be representative of an entire industry.

We also hope that if we are consulted early enough in the formulation of a plan, it will be helpful in obtaining its final approval.

We have expressed that thought to the Secretary of

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Commerce, to the Secretary of Agriculture, and also to the representative of the Secretary of the Interior, and we think that if we are consulted in advance and before a plan becomes too well fixed, the problems which can be smoothed over in the beginning will be smoothed over.

But if we are not consulted until a plan is in almost its final form, there will be great difficulty because it will have to go back to those who worked on it.

So it is our hope that no plan will ever come to us except one which will be approved, but in order to do that we do want to be consulted as the plan is being worked out.

Dr. Wilson: I might say in that connection, that the time schedule here has been forced up to such an extent that we had to have a report ready for this Council, and we couldn't have conveniently gotten together a national group for a meeting until yesterday. We did have some area meetings.

I recognize that, with no pattern to go by, this may not meet the needs or meet the particular requirements. I think that it will meet the needs, but it may not meet the requirements that the Attorney General sets up.

Mr. Majewski: The cross-section of this committee is so thorough and so complete that it meets that particular requirement that Mr. Becker is concerned about -- small business men. They have been represented here fully.

Mr. Becker: At this time, I am not questioning that as a

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fact. I am just raising a matter which we always bear in mind and which we will have to bear in mind, as to which I am sure adequate assurances could be given by your group.

The Chairman: I am sure that you will find no hurdle in this committee because it represents a very fine cross-section of both small, intermediate, and large business.

Mr. ^{Boecher} Becker: That is greatly to be desired.

There is another point which I know that you are all interested in. That is the effect of our approval will be to make it possible for you to go ahead and be immune from anti-trust prosecution. It has been our thought that your conferences which led up to the plan should be under Government supervision and sponsorship, at least.

Dr. Wilson: That has been true.

Mr. Becker: That is helpful to us as well as to Government.

Dr. Wilson: Mr. Ball has been in on these.

Mr. Becker: Then there is another thought which I am sure you will all appreciate. Those who go into a plan would want to be sure that they had immunity from the antitrust laws, and in order that they be sure that they have immunity they have to be identified to us and more or less on our books, because they would have no assurance otherwise that their actions would be questioned in the future. So that the agreement or the plan, whichever form it would take, would more or less have to carry on it the names of the participants.

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There is another problem which the plan raises at first blush, although it is something that I think we can all work on.

Our approach to this is one of wholehearted cooperation in every respect. It is because of that that we say that we hope that no plan will ever come over to us, but that it will be one which will be approved. We can work with you from the beginning. We will work with you to the end, and we will work with you at any stage of the proceeding.

That is about all that I have to say.

If there are any specific questions, I will be glad to answer them.

Mr. Hill: How are we going to get the cooperation of the Weather Bureau? The impact of this is not on the next week or the next month or the next year. It is on the day before yesterday. Twenty-four governors have seen it necessary to set up state coordinators. Fifteen Congressional committees are now investigating what can be done. We supplied immediate action as soon as the President signed the law and delegated authority to the Department of Interior. This is the quickest mobilization of this industry on a comprehensive scale that I have ever witnessed.

Now, we are right at the point of trying to ask Government for cooperative action under a public law, and it seems to me that we are making the quickest tender physically or humanly

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possible to the Department of Justice and saying: Do you want us to accept the responsibility for any delay that may take place in relieving public distress? The weather man is the man that has got the whip over you and over us. We have no choice in the premises.

I would think that immediately after this group acts, that it will be timely you and the representatives of the Department of the Interior -- you see, we are merely making recommendations to the Department of the Interior -- to tell us what is objectionable from the standpoint of the Department of Justice because the weather man won't wait.

Mr. Jones: I think that most of the requirements that Mr. Becker has suggested here have been met, with possibly one exception.

First of all, the committee which was appointed to work on this problem, I believe Mr. Becker will find, is a good cross section of large, middle size, and small companies. Certainly if this Council should adopt this report and recommend it, I believe that it is conceded to be the best cross-section of industry representation that perhaps could be gotten together.

So that I think with respect to those two items, Mr. Becker, you will have no trouble.

Third, the members of Government have sat in on these conferences, representatives of the Department of Interior or the head of the Oil and Gas Division.

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Now, the only point where we perhaps haven't met your requirements is that we didn't have representatives of the Department of Justice sitting in the committee meetings that led up to the formulation of this plan. But in all other respects, I am sure that your requirements have been met, and I don't believe that there will be any vital differences.

I think that Mr. Becker is perfectly right in pointing out to us the kind of assurances that we need and the kind of protection that we need, and I believe that we are obliged to him for having pointed out those things to us and for having become a party to these cooperative actions.

We must be sure that we are on the books and that we are not subject to being singled out by someone who says: Well, who are you? When did you get on the scene and what right do you have to operate?

I believe, Mr. Becker, that we can assure you that we have met the requirements that you have set up here almost completely, and I don't anticipate that he is going to hold up the matter or keep the weather man waiting.

I might add this statement to what I have said, that it was necessary for us to find out in the shortest time whether or not we could have a meeting of minds in our industry as to whether they could be a program evolved on which we would have agreement, and that is what we have come up.

Now, the other procedure, of course, must take its course,

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and we have had in that connection the council and support and advice of the representatives of government in the Department through whom we have been working and who called upon us for this action.

As I understand the provisions of Public Law 395, we follow the procedure that was laid down there.

The Chairman: In other words, the adoption of this report means that it will go to the Secretary of the Interior and, in turn, from him to the Department of Justice.

Mr. Jacobsen: I would like to ask Mr. Becker what he meant by a list of participants. Do you mean the people who drew up this plan, or do you mean all of the thousands of dealers throughout the country that will act in accordance with these recommendations?

Mr. Becker: Mr. Jacobsen, you raise quite a problem when you speak of thousands being participants.

Mr. Jacobsen: That is literally true.

Mr. Becker: I have this in mind: For the interest of yourself and those who would participate, it is desirable that it be known that they are participating in the plan. Otherwise, there is no way in the world that they can be assured that they have been given immunity under the law.

Mr. Jacobsen: How is that going to work when literally tens of thousands of dealers all over the country will be conforming to this recommendation?

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Mr. Majewski: You will have to identify 350,000 units in the industry.

Mr. Jacobsen: What is going to be the machinery for putting this into effect?

The Chairman: The plan provides for the channeling of it, after our adoption of it, through the Secretary of the Interior. If I remember correctly, when the President delegated his authority to the Department of the Interior and Commerce and others, he went beyond the scope of the law and he prescribed that the public generally and labor, and so on, Mr. Jacobsen: should be heard on these plans. / How is that going to be done? Will this plan have to go to the CIO or what?

The Chairman: That is a question that the Chairman cannot answer.

Mr. Jacobsen: It is an important question, though.

Mr. Majewski: Max Ball can answer that.

The Chairman: Or possibly the Secretary of the Interior.

Mr. Majewski: Is it proposed to hold public hearings in accordance with the law?

Mr. Hill: I think that I can answer one of Mr. Becker's question.

Mr. Becker, the law, as I understand it, now provides that request shall be made by the interested Government agency of members of the industry affected that they comply with the

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agreement after approval by the President and upon approval of the Attorney General.

Now, I take it that the Department of the Interior, by specific request, and by a request that will relate to categories of operators, will request compliance with this, if, as and when it is approved, and that is the procedure established in the Act itself, forgetting on your books specifically the individuals or classes of individuals engaged in the industry.

Mr. Becker: I recognize that there may be more than one way of accomplishing that result, sir. I don't dispute that. I am certain that some method can be worked out.

Dr. Wilson: I might say this concerning your problem. Just remember that there are several hundred thousands of companies that will be involved in this, particularly when you get down to the retail marketing and distribution level.

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For that reason, we didn't try to have any number sign. We believe that this is a representative body. We believe that if the council adopts this, it will constitute essentially an industry agreement by representatives who will cover a very large part of the industry generally, but not a very large number of the individual marketers.

We thought that Secretary Krug might very well, under this, issue a proclamation to all whom it may concern in the industry press. I don't know of any other way that it could be done. There is not, I believe, a list of all the oil companies in

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the country. It is a very difficult thing from that standpoint. You probably could compile a list, of course, of all of the members of the Council and of all of the members of its committees, as well as a list of all of the members of the committees that are set up in local areas to cooperate with the various states. But there is a difficult problem there, and I hope that the Attorney general will look at it broadly and realize what we are up against, because no 10 or 20 or 50 men can represent or sign for this entire industry.

Mr. Holliday: There is a rather special legal aspect there that I think Mr. Becker wouldn't encounter in most of these other industry agreements, as they call them.

This is not an allocation agreement. It is not an agreement in any way. It outlines a general plan for submission to the Secretary of the Interior.

As stated in this report, this problem is a series of local problems that have to be solved on the ground by a great many people. Already many, many individuals in the industry are doing these various things, and there is no question about legality there.

Mr. Becker, the thing that would worry us is that if we come out with a plan of this sort, and then people spontaneously attempt to work along that pattern individually, you would then have a new legal problem that what these men might be doing individually is all right, but when they, in great numbers,

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proceed to do that thing in response to a plan, they might be accused of having conspired.

Do you understand that principle?

Mr. Becker: Yes.

Dr. Wilson: Even some of the things they have been doing now might become technically doubtful in view of the fact that we have this plan, even though it has been worked out at the request of the Government.

Mr. Blaustein: I take it that Mr. Becker is not suggesting that we go back and start all over again. Does he not agree that we have proceeded here according to the law as we understood it, and that we are to submit the plan to Mr. Krug, and after him to the Department of Justice? Isn't that the way to proceed now with this program, which we think might be acceptable to the Department? Where would you have us go back to? Would you have us go back again and start holding meetings with large groups of people, with the Department of Justice representative on hand?

The Chairman: The plan is the answer to what we, as a council, were asked to do; and whether there was something wrong in that request is another matter. We are pursuing the course that we were asked to pursue.

Mr. Blaustein: I am only wondering what the alternative is in the interest of time.

Dr. Wilson: There is nothing that we can do now but submit

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the plan to them as the law provides, as I see it.

Mr. Blaustein: Isn't that the thing for us to do? Here is a cross section of the industry properly appointed under law. If we approve this plan and submit it to the Secretary and then on to the Department of Justice, wouldn't that be the practical thing for us to do?

Mr. Becker: I don't think it is for me at this time to tell you what you should do. You are advisers to the Secretary of the Interior. He has designated you to act in accordance with certain purposes. You discharge your obligations to him as advisers to him.

The Interior Department, I am sure, before the plan is submitted to us, will follow certain procedures outlined in the Executive Order. I confidently expect that they will talk with us about the plan of working out those procedures, and we will work with them in that respect.

We will probably ask them who these gentlemen are who signed this document. We will explore the questions that you have asked so well, and, in the end, if the Secretary of the Interior is convinced that he has met the requirements of the Executive Order, then it will come across. But we can consider that for the beginning we will work together. I would say that that is the way to answer your question.

The Chairman: Mr. Ball, have you anything to add to this discussion?

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Mr. Ball: I have nothing except that our thought is that the minute we will have this, we will get together with Mr. Becker with his people and just sit down and go over it and see how it shakes down, and we will give them all the answers that we can possibly give. If there should prove to be something in this to which the Department of Justice objects, or something that they think should be modified, then we will immediately get in touch with you or with your committee.

The Chairman: I expected this to be a continuing committee headed by Dr. Wilson.

You do concur in my statement that this is the answer to what we were asked to do by the Secretary of the Interior?

Mr. Ball: Completely. You followed exactly the procedure that we outlined.

Mr. Faber: I would like to interpret Mr. Becker's vague statements as a warning to Dr. Wilson not to issue his publicity until it has gone all the way through the prescribed channels, before it is permitted to get to any trade journals or to the public or outside of this Council.

Am I correct in that, Mr. Becker?

Mr. Becker: In the Department of Justice we have never wanted anybody not to talk.

Mr. Faber: I believe you inferred that.

Mr. Becker: We are getting into an area where we would be apt to want to proceed carefully.

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Mr. Faber: I think you have inferred that since this plan hasn't gotten to the top rung as yet, it is not a public matter; and therefore by releasing it, it might put a little pressure on the Department of Justice to cooperate, and you didn't like that.

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Mr. Becker: Well, no, sir. I tried to make it clear that I thought that our object was to try to cooperate. We are willing to do something about the weather, as was suggested.

Mr. Majewski: I think that Mr. Becker has been very fair with what he has said, but to hold this up from the press would be like holding back the dawn, and you just can't do it. This will be on the streets as soon as it is adopted.

Now, he hasn't warned us on that, and he needn't warn us on it.

Now, I want to save some time. Max, you know all of these 24 people. Tell him who they are. I want to say that some of these fellows were at one time indicted. I was one of those. I did what Mr. Ickes asked me to do a long time ago, and then I got clipped for it a little. If he wants to know who these people are, we ought to tell him. You know every one of these people. You went into their history. I think they are all fine, but one, and he is going to sit down now. (Laughter.)

The Chairman: The question is upon the adoption of the report. Are you ready for the question?

Mr. Gass: May I make just one comment. I would like to

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refer to the question which the ODT raised with regard to what shall be done about the distribution of cars. There is a practice that is a problem that is very urgent, very immediate, and very pressing.

Mr. Ball in his statement said that there were 39 Government agencies handling petroleum. He overlooked 434 Congressmen, 96 Senators, the Governors of 48 States, about 24 of which have coordinators.

We are being confronted daily with requests for transportation for oil, despite what is said in the ninth paragraph of this report on page 7, in which you say that it is believed that practically all of the petroleum supplying companies have individually adopted the policy of distributing equitably among the various categories of customers and channels of distribution, all available supplies of fuel oils.

If that is true, then somebody is telling us fairy tales because I have got any number of certified indications of available fuel oils that is not under allocation that is available for transportation and will burn the coordinators of all of the States and all of these Congressmen bring pressure upon us to allocate cars to these individual companies to move this oil.

Now, we started originally with the Wherry committee. We have been with the Tobey committee, and we have got to go back to the Wilbur committee on Tuesday and tell them what we have done.

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We have done some things. We have about 60 men in the field making checks at these points where tank cars normally are available for the movement of oil.

I think that generally speaking we have agreement with most industrial men that if they have two or three days of available cars on hand, measured against their average daily performance, that they have got a pretty good car supply. But, gentlemen, we are finding places where they have got more than that. They will have 9 days, 10 days, and up to 45 days of supply of cars whose cars have been sitting idle.

Now, the transportation end of the allocating authority doesn't necessarily have to be voluntary. The Office of Defense Transportation has mandatory powers with regard to the allocation of transportation. However, we have been urged repeatedly by people to reinstate ODT-7.

ODT-7 does exactly what your recommendation No. 7 has done here in shortening the haul on which tank cars will be applicable.

Personally, we would rather go along with this recommendation No. 7 because in the Office of Defense Transportation we feel that any kind of a voluntary action is infinitely superior to any kind of compulsion, regardless of how mild that compulsion may be.

But we are confronted now and urgently with these requests. We have gotten them from Superior, Wisconsin; we have gotten

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them from Eau Claire, and we have gotten them from hundreds of places. We have all of the Senators and all of the Governors coming down and saying: This man has oil at such-and-such a place. Can you get cars there?

We have asked you for a method by which the oil industry that produces the oil, that owns the oil, that owns the pipelines, and owns the cars that are used in transporting the oil may do that voluntarily without any form of compulsion from the ODT.

This report does not give us that method.

Mr. Jones: I think that this report asks that committees be set up in distress area districts 1, 2, and 3. It is proposed to deal with just that type of problem, and it will be possible to advise you as to the requests that are being made of you with respect to these cars.

Mr. Gass: We are asking you, the people who own the cars, to give us a solution to it. We have a solution, but our solution is not the one.

Mr. Jones: This committee has formulated this report. I don't believe that it would be the thought of this Council that we undertake to set up administrative machinery, but we do expect, I believe, to set up the machinery to advise with Government agencies, such as yourselves, as to how these cars, if they need to be allocated, should be allocated.

That is as far as I think this committee will go. This

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report does contemplate dealing with your problem. We discussed at length yesterday when this report was put into final form these persistent requests and demands for cars. Some are meritorious and some are not. It was disclosed at that meeting, for example, that some of the requests were made by black market operators who are getting 5 cents or 10 cents a gallon more for heating oils than they should get. They are some of the fellows who are making the request on you, and making the lives of the Governors and fuel administrators hideous.

Now, these advisory committees in district 1, 2, and 3 will undertake to cope with that problem and give you the best advice that they can. But after that point, the administration of the allocation of cars will have to be left in the hands of the OBT.

Dr. Wilson: I would like to add something to that. That problem has been discussed, and there are various problems, but after all what these communities want is not cars but oil. We feel that they should have complete flexibility in the local areas to decide how best to get the oil to the community. It may be by pipe lines, it may be by barge, it may be by transport trucks; but it is the responsibility of these local committees to see to it that the distressed communities get the oil.

Now, it is no news to me that there is oil in certain areas that could move if they had tank cars, but it is certainly

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news to me that anybody has got 10, 12, or 14 days in the way of a supply of tank cars on hand. I am shocked to think of it. I certainly don't believe that there are very many companies that have any situation like that. We do believe that 7-day per week loading and unloading for the next 60-day period will add substantially to the carrying capacity of tank cars and will dry up what additional quantities could reasonably be moved by that method.

I also say that, to the best of my knowledge, there is no oil offered at the regular market prices which is awaiting a taker. There are too many people who are anxious to grab it. If there is oil that isn't getting tank cars, it is because they want 4 or 5 cents premium for it, and most of the buyers aren't willing to pay it, and they don't think it is a constructive thing to pay those prices.

Mr. Ashton: I think that what Mr. Gass has in mind is that some cars have been delayed for 45 days at the point of loading. Certainly he can't mean that any shipper has 45 days of surplus cars.

Dr. Wilson: There shouldn't be any delays at all.

Mr. Gass: I can show correspondence to show where they have up to 45 days on hand actually.

The fear is that if the ODT is forced by Congressional pressure or anything else into arbitrary action, we will be helping the wrong people. That is just what I am fearful of.

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If you take cars that are out of service, outside of these cars that are standing idle, you will be taking oil that is lying around unused and moving it from one place to another. There isn't enough transportating to move all the oil that is in the refining centers today. We are going a remarkably good job of it, and are practically disregarding costs. Nevertheless, there just isn't enough transportation, especially in winter, to take care of all of that.

But my point is that if you take a car out of service, where it is regularly shuttling back and forth, as practically all of them are, and put it in to clean up some of your surplus oil in another place, you are simply creating a surplus in the first place.

Mr. Ball: With regard to this question of these public hearings that the Executive Order requires, frankly, I don't know how extensive and how formal a public hearing is required. That is another thing that I am going to have to sit down with Mr. Becker on and find out. I am going to sit down with him just as quickly as I can, and we will determine that. That has a bearing on what someone else said here about the publication of this report.

I agree that there are too many copies of this report in too many hands at this moment to keep the report under cover. I think, as Barney said, that it would be like trying to hold back the dawn.

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Secondly, this is going to have to go to public hearing. It is just as well for the public to get its hands on it as soon as possible. That is one way to get proper public representation when the time comes for a public hearing.

Am I correct in that, Mr. Becker?

Mr. Becker: Yes. We subscribe to the thought that publicity is very good in these matters.

The Chairman: Are you ready for the question?

(There was an affirmative response.)

The Chairman: All in favor of the adoption of the report will so indicate by saying aye.

(There was an affirmative response.)

The Chairman: Those who feel contrary will indicate by saying no.

(There was no negative response.)

Mr. Fisher: I would like to speak on the question of the adoption of the report.

The Chairman: The report has already been adopted. I am sorry that you didn't get a chance to speak before. The report has already been adopted.

7 Mr. Majewski: Let's hear what Mr. Fisher has to say, and we can amend the report.

Mr. Fisher: I would like to ask a question, if I may, in connection with recommendation 9 on page 7, which deals with the equitable distribution of fuel oils.

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Now, that is our primary problem today, but, of course, in a few months we are going to have another problem, and that is the equitable distribution of gasoline. I would like to ask Mr. Wilson if that matter was considered, and whether it shouldn't be properly included in recommendation No. 9.

Dr. Wilson: That is one of the purposes of having this committee meet again. As a matter of fact, most of the companies have announced it individually for gasoline, as well. But we didn't feel that that was the emergency we were meeting here on. We want to try this out and see how it works, and then we can make recommendations for the next time. However, I think it is true that most companies have adopted the same policy and have announced the same policy with regard to gasoline. But we were trying to address ourselves to the immediately current problem and to solve that as quickly as possible.

Mr. Majewski: Bob, you say that you will devise plans for handling gasoline in similar fashion this summer and heating oil problems next winter. You say that, and your committee has committed itself to that?

The Chairman: The Chair recognizes Mr. Hill to present the report of the Agenda Committee.

Mr. Majewski: Before he does that, may I ask one more question in order to help the Department of Justice and Max Ball. Dr. Wilson has an idea of getting somebody to work on this with the Department of Justice because Rome is burning,

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you know.

Dr. Wilson: I would like to move that the Chairman of the Council be asked to appoint a small committee of those familiar with the matter to confer with the Department of Justice, if Secretary Krug so desires, and I would also like to raise the question, without a motion, but for discussion, on this point: Suppose the Department of Justice wants certain relatively minor changes made on this program so that they can approve it. This Council doesn't want to come back in session, I presume. Is it appropriate to leave it to this representative committee of 24 to pass on such things, providing that they don't make changes in policy? Would it, on the other hand, be properly referred to letter ballot of the Council, or how would you want it handled? I hope that they won't arise, but I think we must recognize that it may be necessary.

The Chairman: The question is whether or not this special committee shall have authority to make such changes as may be necessary to effectuate the report in their judgement. I think, if that is your purpose, there should be ^{an} authorization in the form of a motion expressing it.

Mr. Blazer: I so move.

The Chairman: Mr. Blazer so moves.

Mr. Barton: I second the motion.

The Chairman: Colonel Barton seconds it.

All in favor of the motion will indicate by saying aye.

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(There was an affirmative response.)

All opposed will signify by saying no.

(There was no response.)

The Chairman: It is so ordered.

Dr. Wilson: That covers the committee that is to visit the Department of Justice, does it not?

The Chairman: Yes.

Dr. Wilson: This committee will have authority to make minor modifications in the plan so as to make it acceptable to the Department of Justice.

Mr. Blazer: That was my motion.

Mr. Majewski: I had another motion, Bob, a motion for the appointment of this small committee.

Dr. Wilson: My motion was for a small committee to be appointed to visit the Department of Justice and present this.

I would also like to say, before I forget it, that Mr. Jones is vice-chairman of my committee, and I am hoping to be away for a couple of weeks, so if anybody wants to talk about this, Alton is the man to talk to about it.

The Chairman: I want to raise this question with relation to that, that this committee take such action preceding the action of the Secretary of the Interior.

Dr. Wilson: I said if the Secretary Interior desires that this committee go to the Department of Justice.

The Chairman: You have heard the motion. Is there a

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second?

Mr. Majewski: I second the motion.

The Chairman: All in favor of the motion will signify by saying aye.

(There was an affirmative response.)

The Chairman: All those opposed will signify by saying no.

(There was no response.)

The Chairman: So ordered.

Mr. Hill: Mr. Chairman, I think it is appropriate at this time to approve the report of the Agenda Committee to the Council, pursuant to which Bob Wilson's committee was appointed, and pursuant to which it made its report which has just been adopted. I hope you will forgive me if I don't explain that in detail.

A Contributor: I move it.

A Contributor: I second it.

The Chairman: All in favor will signify by saying aye.

(There was an affirmative response.)

The Chairman: All opposed will signify by saying no.

(There was no response.)

The Chairman: So ordered.

Mr. Hill: The Agenda Committee, pursuant to a request made by Max Ball, as Chairman of the Oil and Gas Division, requested the establishment of a committee to study the liquefied petroleum

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gas situation, including a study of liquefied petroleum gas production and transportation facilities and submit such report and recommendations as may be deemed appropriate and are unanimously of the opinion that it is proper that such committee be appointed to make the study and report to the Council.

Pursuant to a request of the head of the Oil and Gas Division for the appointment of a committee to provide information and advice with respect to the quantities and kinds of steel needed by the American petroleum industry in the United States and abroad in order to further the purposes stated in Section 1 of Public Law 395, the committee has unanimously recommended that such a committee be appointed to the Council and submit such report from time to time to the Chairman as it deems necessary.

It was further suggested that the calculations with regard to the petroleum industry's steel requirements be reported separately as between domestic and foreign steel requirements.

That is the report of the Agenda Committee, and those are its recommendations.

The Chairman: Do you move its adoption?

Mr. Hill: I move its adoption.

Mr. Majewski: I second it.

The Chairman: It has been moved and seconded that the report of the Agenda Committee be adopted.

All in favor will indicate by saying aye.

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(There was an affirmative response.)

The Chairman: All opposed will signify by saying no.

(There was no response.)

The Chairman: It is so ordered.

I have received from the secretary of the committee of the Judiciary of the United States Senate the following letter:

"The subcommittee considering Senate Joint Resolution 14 has set Monday, February 23, 1948, as the date for the beginning of hearings on the pending tidelands legislation.

"If a representative of your Council wishes to testify, kindly inform me at your earliest convenience. For your information, there is enclosed a copy of Senate Joint Resolution No. 14."

I submit that to the Council for discussion and consideration and advice. It is merely a request to find out whether or not we desire to have a representative of the Council testify on the matter of the Tidelands resolution.

Mr. Hill: I make a point of order, Mr. Chairman, that the Secretary of the Interior has not in writing requested that the Council, as such, make recommendations upon that subject, and therefore the request is beyond the purview of the jurisdiction of the Council.

Further, any member of the Council in his capacity as an American citizen or as a member of the industry may exercise his own judgment with respect to his own affairs and the position

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that he would take.

The Chairman: The point of order seems to be well taken, Mr. Hill, and unless there is some further objection or discussion --

Mr. Jones: May I offer a suggestion, Mr. Chairman, that in view of the importance of this question to the industry, in replying to the letter of the chairman of the subcommittee, I suggest that you say that you think that this matter is of vital importance. I don't want to see this interest foreclosed as to our being heard on this question.

The Chairman: I don't think that this implies that at all.

Mr. Jones: I just thought that in your letter of acknowledgment you might say that it is not within the purview of the Council as such to appear, but that you do feel that there are many members of the industry who are vitally interested and who should be heard on the question.

The Chairman: The point of order is sustained.

Dr. Wilson: Mr. Chairman, I would like to say from the standpoint of the patriotic necessity of the situation, that I hope that we don't sit and do nothing along the line of these recommendations until the Department of Justice gives formal approval. You will have to consult your own attorneys, but many of these things can and should be done, and are being done.

I particularly prefer to decentralize and have your division

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managers and field managers get in and help out on these local situations, so as to keep them from getting worse.

I think that it is important, and while we can't do all of the things that I suggested, certainly there are many, many things that can and should be done to preserve the good name of this industry.

I am not speaking of the three committees that are provided for here, but I am speaking of the committees that are already set up in many towns and states. More of them are being set up every day at the request of state officials.

Mr. Majewski: Or local officials.

Mr. Ball: I have one little piece of news that has just come in, gentlemen.

The Governor of Michigan is to issue an order on fuel, gas, and gasoline conservation almost like the Truman order. He is also requesting counties and cities to issue similar instructions to their local governments.

In other words, the Governor of Michigan is taking the lead in trying to get fuel conservation by the State establishments and then get to county and local governments to conserve fuel in their establishments. It is an example that might well be followed by the governors throughout the area in which the supply situation is tight.

The Chairman: In view of the fact that this is a new Council, I would suggest that it would be proper for a motion

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to be adopted continuing such committees which are still in service,, such committees as have not been discharged, in other words, to keep them in line of activation. There should be perhaps a formal motion that they should be continued.

A Contributor: I so move it.

Mr. Majewski: I second it.

The Chairman: All those in favor of the motion will signify by saying aye.

(There was an affirmative response.)

The Chairman: Those opposed will signify by saying no.

(There was no response.)

The Chairman: It is so ordered.

Dr. Wilson: May I ask Mr. Ball whether he has information about Secretary Krug attending?

Mr. Ball: Mr. Freidman is now up in the Secretary's office finding out what the status is there.

The Chairman: I understand that he may have some words for the Council.

Mr. Skidmore: Mr. Ball wanted me to say that the PAW history is out. Unfortunately, our printing allocation was small, and we have only been able to print 900 copies. We are going to distribute those to all of the members of the PAW and to the directors and the assistant directors of PAW, so far as we can. Also, the American Petroleum Institute has wide distribution which they are making, so that I think everybody

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will receive a copy some way or other.

Mr. Ball: I might amplify that by saying that our 900 copies will only suffice to cover the necessary Government officials who are concerned with the wartime operation, the directors and assistant directors of PAW. We can't get further down the line than that, even to section chiefs, much as we should like to. We may be able to distribute copies to the chairmen of district committees. We will see that copies get to every member of PIWC. That is going to exhaust our supply. I am afraid that it is going to stretch it a little bit. That is all we have for distribution.

Now, the API has very largely financed the publication of this history. They have done a very splendid job of compiling and editing. That was done largely by John W. Fry while he was still in ODT and partly while he was with the API. The API is distributing thousands of copies to libraries.

A Contributor: We bought 10,000 copies, and we are giving a little over 9,000 to libraries.

Mr. Ball: They are distributing 9,000 to libraries across the United States, which means that they will have only 1,000 copies, the Printing Office will have only 1,000 copies for sale at \$3.00 per copy. So if you don't fall in any of the categories that I have mentioned, and if you want a copy, you had better get to the Printing Office with \$3.00 quickly. I am sorry that we haven't copies to distribute more widely.

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I see Mr. Freidman. Do you have any information as to whether or not we may expect the Secretary, Mr. Friedman?

Mr. Freidman: I haven't been able to find out whether or not he has returned from the hearing.

A Voice: Has he gotten back to the city?

Mr. Freidman: He has gotten back to Washington, and he went straight to the Hill, and I understand that the hearing was over just about five minutes ago, and he was leaving up there then. But whether he is coming back here or not, I don't know.

The Chairman: What is your pleasure, gentlemen? We have completed our business.

Mr. Majewski: I move we adjourn.

A Contributor: I suggest that in view of the circumstances we notify the Secretary that we will stay in session until he gets here, two or three days, I think that it would still be wise to do it. I think the sooner that he knows, the better it will be.

The Chairman: The motion to adjourn isn't debatable.

Dr. Wilson: May I suggest that a committee be appointed to see the Secretary tomorrow if we don't see him today?

Mr. Majewski: I have been traveling around the country, taking him at his word, and telling state association people and others that the Secretary doesn't want any controls on this industry at any time. So I want to find out if he has changed

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all that he told us, and myself, particularly, gentlemen. You remember when I had a little plan, and he didn't like it because it was regimentation. So I want to know that from him because I don't want to go riding around.

Mr. Jones: Would Mr. Majewski like the committee to go with him. He might as well have company.

I might suggest that the Chairman appoint a small committee to go with him.

Dr. Wilson: I think that that would be very desirable.

The Chairman: Do you move that, Mr. Jones?

Mr. Jones: I so move.

The Chairman: What would you say should be the size of the committee?

Mr. Jones: I would say a committee of five.

The Chairman: You have heard the motion. Is there a second to it?

A Contributor: I second the motion.

The Chairman: You have heard the motion. All those in favor will so indicate by saying aye.

(There was an affirmative response.)

The Chairman: Those opposed will indicate by saying no.

(There was no response.)

The Chairman. It is so ordered.

The Chair will appoint Mr. Jones, Mr. Majewski.

Mr. Jones: I won't be here tomorrow.

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The Chairman: I appointed you because you initiated this discussion today.

Mr. Jones: I yield to Mr. Majewski.

Dr. Wilson: It would be very helpful if you could be here a little while. This is an important thing.

The Chairman: I am going to name you on the committee with the hope that you can change your plans, Mr. Jones.

Dr. Wilson, will you be here?

Dr. Wilson: I will be here until 11 o'clock.

The Chairman: You are on the committee.

Mr. Russell Brown, Mr. L. S. Wescoat.

Mr. Majewski: Mr. Ashton ought to be there.

The Chairman: Mr. Ashton, you are on the committee.

Mr. Ashton: I have a meeting with the public relations group in the morning, but I can get away from that, if it is desirable.

Mr. Majewski: May I suggest Mr. Gwaltney who ought to be there representing the jobbers. They don't want any more controls than are necessary.

The Chairman: Would you like to be there, Mr. Gwaltney?

Mr. Gwaltney: I would like to get away.

The Chairman: I think that we will have a committee of seven. Is that agreeable, Mr. Jones?

Mr. Jones: That is all right.

A Contributor: Will the committee make a report to us in writing, or how are we going to know what they will have done?

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The Chairman: If the committee makes a report to the Chairman, the members of the Council will receive it in due course.

Dr. Wilson: It might be well for the committee to meet at some place for breakfast and receive word as to when they can see the Secretary.

The Chairman: It seems to me that that would be fine.

Mr. Majewski: I don't think that you should keep it secret after you find out what the Secretary intends to do.

A Contributor: If anybody else wants to go along with the committee, that will be all right. I was just asked that question.

Mr. Majewski: I renew my motion that we adjourn.

A Contributor: I second the motion.

The Chairman: It has been moved and seconded that we adjourn. All those in favor of the motion will signify by saying aye.

(There was an affirmative response.)

The Chairman: Those opposed will signify by saying no.

(There was no response.)

The Chairman: The hearing is adjourned.

(Whereupon, at 5:10 o'clock p.m., the meeting in the above-entitled matter was closed.)